

UNIVERSITY OF GHANA

COLLEGE OF HUMANITIES



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**AN ASSESSMENT OF THE IMPACT OF REVENUE
MOBILIZATION ON THE DEVELOPMENT OF NEWLY CREATED
DISTRICTS IN GHANA: THE CASE OF KPANDAI DISTRICT**

BY

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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA,
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DECLARATION

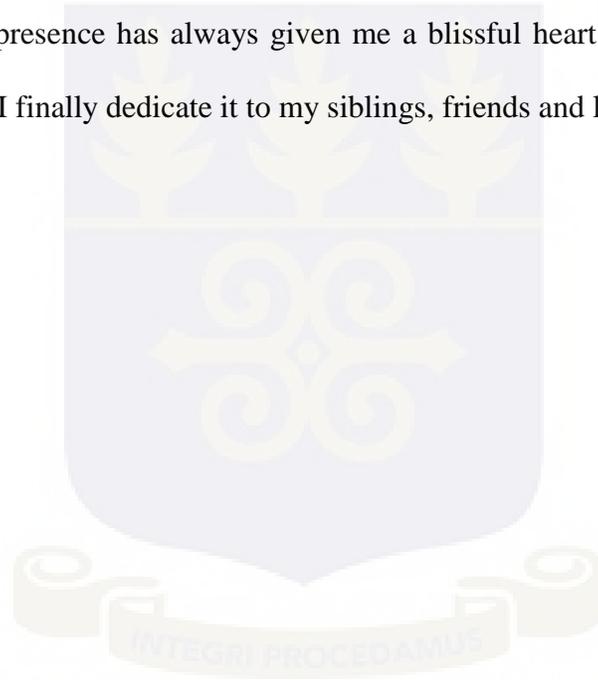
I, Salisu Fusheini, do hereby declare that this thesis is the result of my own original research under the supervision of Dr. Abdulai K. Mohammed and Prof. Emmanuel Debrah, both of the Political Science Department of the University of Ghana, and that no part of it has been presented for an award of any degree in this University or elsewhere. The sources of information that are used in this work have been duly acknowledged under references.

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DEDICATION

ALHAMDULILLAH (ALL THE THANKS AND PRAISES ARE DUE TO ALLAH)

This work is dedicated to my family members, first to my late mother, Umamatu Ibrahim [May Allah grant her Janatul Firdaus (Paradise), Aameen]; then to my father, Malam Fuseini Sulemana. Their prayers have backed me till the present day. I also dedicate it to my sister Zuberu and my wife, Hassan Fauzia, whose encouragements and support made me reach this far. Similarly, it is dedicated to my children: Umamatu Chaataradu and Musah Isorwordor, your presence has always given me a blissful heart to work hard to achieve excellence in life. I finally dedicate it to my siblings, friends and loved ones.



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I acknowledge Allah, the Almighty, as the ultimate architect behind the success of this study, particularly for granting me the guidance and the good health to successfully carry out this research work. No amount of thanks-giving can suffice your invaluable mercies and support on me throughout the study. I only say Alhamdulillah.

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I am highly indebted to the officials and good people of Kpandai District for the support and cooperation given me during the course of data gathering. A special mention should be made of the Deputy District Coordinating Director (DDCD), Mr. Abdullai Abdul-Fatawu as well as the top officials of the Kpandai District, particularly those who helped in the process of administration of questionnaires and interview questions.

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ABSTRACT

Local government systems are created by various governments across the world to enhance broad participation of citizens in the process of governance, improve on the quality of lives of these citizens and to hopefully reduce fiscal burdens of states. In Ghana, to achieve these objectives, the local governments (District Assemblies) are empowered under the Local Government Act 462, 1993 and the Constitution of Ghana (1992) to mobilize revenue within their jurisdictions. District Assemblies, particularly the newly created ones, must have effective internal revenue bases to enable them compel development in an accelerated fashion. However, whether and to what extent the revenues generated by these new districts are actually used to achieve that development have become an issue of concern in recent times, especially in Ghana where the fragmentation of local government is an ongoing agenda. This study therefore examined the impact of revenue mobilization on the development of newly created districts in Ghana, using Kpandai District as a case study. The study used the mixed approach, in which both quantitative and qualitative methods were used to establish the relationship between revenue mobilization and development in Kpandai District. A total of 170 questionnaires were administered alongside seven interviews of top officials of the district for the required primary data, which is complemented by the secondary data to enhance this study. The researcher employed and combined two suitable theories – Kelly’s (2000) Analytical Framework on Revenue Mobilization and the Model of Integrated Rural Development – to aid in the analyses of the data gathered.

The findings of the study are that: the district is unable to raise adequate revenue to meet its developmental responsibilities. For instance, in 2015, the district was able to raise only GH¢ 4,538,382.34 out of the budgeted amount of GH¢ 8,885,179.80 representing 51.1% of their budget and this translated into low development. Consequently, the district, within a three-year period, provided eight health centres instead of eleven, one hospital instead of two, and education of the people on balanced diet was 0.2% out of the targeted 15% in 2014, among other indicators.

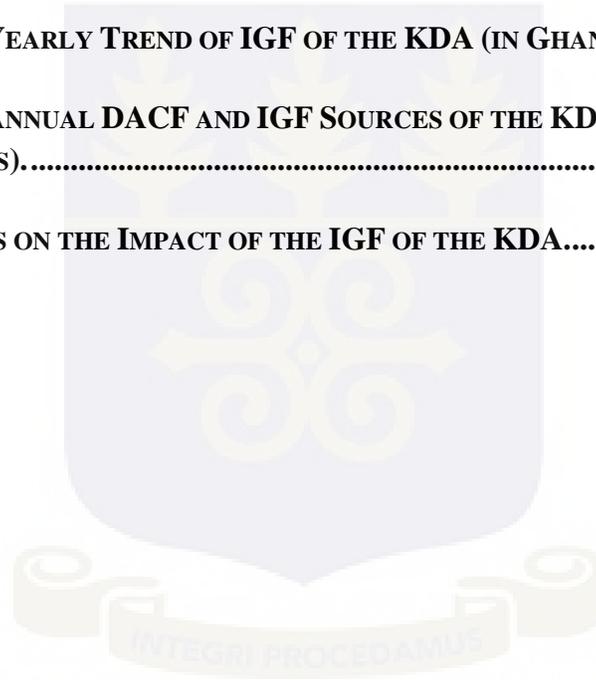
This situation resulted from such factors as inadequate records on data and the sources of revenues, non-enforcement of bylaws regarding revenue mobilization, inadequate and ineffective revenue collectors, and lack of commitment and political will on the part of top officials. Other factors include poverty and ignorance of civic responsibility. The Kpandai District Assembly (KDA) therefore needs to beef up efforts towards improving the overall performance of the district in revenue mobilization and development. To strengthen the link between revenue efforts and development, it is suggested that qualified and committed leadership and personnel should be hired, motivated, well equipped and retained.

LIST OF ABBREVIATIONS

CHPS.....	Community-based Health Planning Services
CPM.....	Current Presiding Member
DAs.....	District Assemblies
DCCD.....	Deputy District Coordinating Director
DACF.....	District Assemblies Common Fund
DDF.....	District Development Facility
DFO.....	District Finance Office
EGD.....	East Gonja District
ERP.....	Economic Recovery Program
FPM.....	Former Presiding Member
GDP.....	Gross Domestic Product
GoG.....	Government of Ghana
GSS.....	Ghana Statistical Service
ICT.....	Information and Communications Technology
IGF.....	Internally Generated Fund
KDA.....	Kpandai District Assembly
MMDAs.....	Metropolitan/Municipal/District Assemblies
MDAs.....	Ministries, Departments and Agencies
NGOs.....	Non-Governmental Organizations
PNDC.....	Provisional National Defense Council
SSA.....	Sub-Saharan Africa

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

When democracy began to gain roots across the world, it promoted decentralisation as one of its principles. Developed countries of Europe embraced decentralisation quite long before their developing counterparts. In Africa, many countries followed suit the decentralisation footpath which was chartered by the developed countries. Examples of countries that have embarked on successful decentralisation on the continent include Ghana, Nigeria, South Africa and Uganda (Awortwi, 2010).

From Ghana's independence in 1957 to 1988 several attempts have been made by successive governments to decentralise but those efforts were not effective (Mensah, 2010). However, the public sector reforms in Ghana in the 1980s paved the way for a comprehensive decentralisation program to take root and thrive. As a democratic principle, decentralisation involves the transfer of power, competence and means as well as frameworks from the central government to sub-governmental units for the purpose of enhancing democratization and development of the areas concerned (Turner and Hulme, 1997).

Decentralisation is variously classified with some scholars distinguishing between political, administrative, economic and fiscal decentralisations. According to Akorsu (2015: 5), political decentralisation refers to "the set of constitutional amendments and electoral

reforms designed to open new, or activate existing but dormant or ineffective spaces for the representation of sub-national politics”. It is meant to transfer “electoral capacities”, power or influence to decentralised bodies (Decentralization Thematic Team, (n.d)). Administrative decentralisation has to do with policies of the central government that devolve general administration and services delivery to local government. Such services include education, housing, healthcare and drinking water and may as well include transfer of decision making authority. Thus, For Akorsu (2015: 5), “If revenues are transferred from the center to meet the costs of the administration and delivery of social services, administrative decentralisation is funded” (and enhances fiscal decentralisation) otherwise, administrative decentralisation is not funded (World Bank, 2001). Fiscal decentralisation as a type of decentralisation is central to this study. To a very large extent, it determines the success or otherwise of the decentralisation policy. Invariably, successful decentralised bodies are established on a meaningful fiscal decentralisation.

Thus, fiscal decentralisation has to do with the policies set out to enhance the autonomy of local governments in the management of their revenues (Ayee, 1991; Akorsu, 2015). Unfortunately, fiscal decentralisation is the least developed type of decentralisation especially in the case of Ghana, as compared to political and administrative decentralisations. In other words, even though fiscal decentralisation is a necessary component of and a prerequisite for a meaningful decentralisation program that will yield desired results, it is given least attention due to governmental policy choices. However, to enhance effective fiscal decentralisation, the Metropolitan/Municipal/District Assemblies

(MMDAs) are given revenue mobilization instruments. It is important to state that Article 245 (b) of the Constitution of Ghana (1992), the Local Government Act, 1993 (Act 462) and other decentralisation legal frameworks empowered the local government bodies to generate revenue to enhance their development. It is clear therefore that prioritizing revenue mobilization is not just a constitutional or administrative requirement of the local government system but a hopeful panacea to the development challenges at the local level. Hence, revenue mobilization is an inseparable and a core component of any sound fiscal decentralisation program and local development.

Basically, revenue mobilization refers to the receipt or collection of income or revenue from internal or external sources of the District Assemblies (DAs) usually on regular basis. The internal sources include all Internally Generated Funds (IGF), while the external components comprise central government transfers and donor support. Revenue mobilization is the independent variable of this study because the extent to which the newly created districts develop depends on the amount of revenue they are able to mobilize. Indeed, solid capacity to mobilize revenue and proper management of that revenue make for a local government that can realize its objectives. Revenue mobilization is therefore “a way to create fiscal space, increase priority spending, and reduce dependence on budget support, which is not without limits” (Drummond et al., 2012). Under the decentralisation program, revenue mobilization is a prerequisite for a meaningful development to occur. Unfortunately, according to Akudugu and Oppong-Pepurah (2013), among the biggest challenges confronting the District Assemblies in Ghana is how to effectively mobilize the

Internally Generated Fund (IGF) to support local development initiatives. The ability to compel local level development is considered as a yardstick for measuring the performance of the local governments especially the newly created ones.

Development does not lend itself to a single and precise definition. According to Cambridge Advanced Learner's Dictionary (2007), development occurs when something or someone grows or changes into more advanced, larger or stronger form. Moss (2007) defined development, in reference to Africa, in its narrowest and broadest dimensions. The narrowest economic definition has to do with making the poor less poor through raising their income, while the broadest meaning seeks to answer the question: "how can the standards of living be improved in Africa" and ultimately it is not just about bricks and budget system but social change (Moss, 2007: 3).

Indeed, the meaning of the concept 'development' has changed with the passage of time (especially after the early 1960s), allowing for the use of specific terms such as economic development, social development, political development, human development and sustainable development. Thus, in the 1950s and early 1960s, understanding of development was in terms of economic growth or increase in the per capita income of a state. It is therefore necessary to operationalize it for the purpose of this study.

Seers (1969: 72), in attempt to shift away from just economic growth, posed fundamental questions about a country's development:

1. What has been happening to poverty?
2. What has been happening to unemployment?
3. What has been happening to inequality?

Thus, if all these three have diminished from high levels, then there is no doubt that there is development within the period concern for the given country. On the other hand, if some or all the three have become worse, if even per capita income doubled, it would be strange to refer the results as development. Invariably, these concerns raised regarding the concept of economic development is what resulted in the development of the human welfare after the 1960s. Hence, The Human Development Index (HDI) became the yardstick for measuring development rather than the hitherto per capita income of a state.

However, by the time the decentralisation program in most African states became fully operational (1980s and beyond), the focus of development shifted from just economic growth to include improvement in the quality of human life. The later conception of development is the focus in the MMDAs and concern of this study. Hence, the local level development refers to what Dick-Sagoe (2012: 245) paraphrased Mensah (2005) as meaning “economic growth, equity, poverty reduction, employment generation, improved housing, gender empowerment, elimination of all forms of discrimination, freedom, justice and maintaining a healthy environment”.

For Todaro (1981: 56) development has to do with multi-dimensional process that involves the reorganization and reorientation of the complete economic and social systems. He argues further that development is both a physical reality and a state of mind, the means by which society procures the way of attaining better life through political, social and economic process. This definition is commended by scholars for its broader viewpoint of the concept of development, vis-à-vis its relation to political, social and economic changes in the society. Hence, development could be defined or conceived differently by a country at its different levels, subject to the multi-dimensional nature of the concept as well as the process involving political, social and economic changes in society assumed purposefully to translate into an improved state of life.

Kotze (1997), therefore, considers development to mean a positive social, political and economic change in a community or country. The differences and limitations of the definitions notwithstanding, development essentially connotes changes from one state to a better one. Thus, in this study, development is operationalized in terms of economic improvement and human well-being or development. It therefore has to do with increases in the output of goods and services plus social indicators. Social indicators include good road networks, provision of pipe borne water, electricity, jobs and improvement in education, healthcare, and other social welfare interventions for the people such as poverty reduction programs.

This study seeks to assess whether there is a relationship between decentralised local governments' revenue mobilization efforts and development. The findings that are made from the Kpandai District Assembly (KDA) are the bases for generally making recommendations for the improvement of the revenue mobilizing capacity of the DAs and ways of targeting an improved and accelerated development.

1.2 Statement of the Problem

Many communities in which District Assemblies have just been created as part of the decentralisation policy give their support to the government and expect nothing but development of their communities. This point is emphasized by Ayee (2013: 1), when he noted that 'It has been shown over the years that when you create districts, you bring development into the area', and doing so will attract 'support from development partners to channel needed resources for the development of the new districts in various aspects'.

Decentralisation policy therefore serves as a motivation factor and a driving force that propels the people, especially at the local level, to work together to achieve development. For this to be true, it means a lot has to be done in different areas and sectors of these Assemblies with regards to resource mobilization. Even if this is achieved, how sustainable the internally mobilized resources will be, is heavily dependent on the improvement of the overall performance of the revenue mobilization systems with full commitment, education, training for work, to restructure the main challenges (Sarpong, n.d).

Razin (1992) pointed out that, local government organization influences land use, planning and that local government reforms can serve to modify patterns of development and disparity. Also, decentralisation and democratic local government are expected to result in more efficient, effective, sustainable and equitable outcome (Naab, 2005). How can these happen in an infant district where resource mobilization has become a headache? Baffour-Awuah (2007), a former Brong Ahafo Regional Minister in Ghana, stated that most DAs have inadequate revenue bases and that no matter the modalities put in place those DAs cannot collect enough revenue. Kpandai District Assembly (KDA) could be in this state of affairs, given its poor reserve of natural resources.

This strained revenue situation is echoed by Drummond et al. (2012) who stated that, weak revenue mobilization in several countries in Sub-Saharan Africa (SSA) is the root cause of fiscal imbalances. This fiscal imbalance constrains local governments' ability to provide essential services. Thus, it is against this backdrop of strained revenue situation that this study investigates whether as a newly created district, KDA is able to raise sufficient funds to meet its obligations. This question is raised because, as a rural district with poor natural resource endowments and peasant farming as the mainstay of the economy together with diminishing external inflows, one wonders whether the Assembly is able to raise significant revenue from internal sources to fulfil its mandate.

The study is therefore necessary to identify the opportunities and challenges of revenue mobilization. It is interested in understanding how the revenue raised is utilized and to what effect. The study will also explore measures that can be put in place to improve on revenue mobilization to translate into accelerated development.

1.3 Objectives of the Study

The study seeks to examine the impact of revenue mobilization on the development of Kpandai District. As such, it has both the general and specific objectives.

The general objective of the study is to evaluate the relationship between the total revenue mobilization by KDA and the district's development.

The specific objectives of the study are to:

1. identify the main sources of revenue to the KDA.
2. identify the revenue performance of the district.
3. find out whether the revenue raised has been used to promote the development of the district.
4. identify the challenges encountered in the mobilization and deployment of revenue for the development of the district.
5. recommend measures for improving revenue mobilization and accelerating the pace of development of the district.

1.4 Research Questions

To be able to achieve the objectives stated above and/or address the issues raised in the problem statement, the following research questions are posed.

1. What are the sources of revenue for the KDA?
2. What is the revenue performance of the KDA?
3. What does KDA spend its money on?
4. Have the expenditures promoted the development of the district?
5. What challenges are encountered in the mobilization of revenue and channeling that revenue towards accelerated development?

1.5 Relevance of the Research

This study seeks to assess the impact of revenue mobilization on the development of DAs especially the newly created ones. The study contributes to the literature on the impact of revenue mobilization on the development of new DAs. It seeks to identify other potential sources of revenue to the new districts that hitherto were not identified and utilized in order to improve on the district's capacity to provide more capital projects at the local level. As the study assesses or appraises the performance of the new districts in relation to revenue mobilization and development, it will identify the relationship between revenue and development.

The study will also serve as a guideline for effective revenue mobilization towards accelerated development of local governments, especially the new districts. The findings and recommendations of the study will also be a rich source of reference to the officials of

the DAs, government and donor agencies that will like to contribute to the development of the districts. It will also establish the causes of implementation gaps of the decentralisation policies in the new districts, and provide ways of bridging them. Finally, it will also serve as a reference point and a foundation for further research work.

1.6 Scope, Justification and Limitations of the Study

The study assessed the impact of revenue mobilization on the development of the newly created districts (Kpandai District as a case study) between 2009 and 2015. The findings of this study could be useful not only to that district but also to the other Metropolitan/Municipal/District Assemblies (MMDAs).

Generally, local governments in most African countries are suffering from low revenue mobilization (Sarpong, n.d; Baffour-Awuah, 2007; Baingana, 2011). In Ghana, the situation is not different because, low revenue mobilization is an issue confronting the MMDAs, including the old and bigger ones like Accra and Kumasi Metropolitan Assemblies. The situation is worse, particularly, in the rural districts and newly created ones. East Gonja District (EGD) is a rural district from which the Kpandai District was hived off in 2007. Before the Kpandai District was carved out of the EGD, the revenue situation of the EGD was not good, despite the fact that at that time EGD had vast potential revenue sources. After the Kpandai District was hived off from the EGD, its (the Kpandai District) revenue sources became relatively narrower, making it an ‘orphan’ district with precarious revenue situation (indeed, it’s really worst and pitiable) than the EGD. For instance, the IGF of the Kpandai District compared to that of the EGD in 2012 and 2015 respectively were: (GH¢

62,077.92: GH¢ 106,386.19) and (GH¢ 69,568.42: GH¢ 162,644.00) (DBO, 2016). In other words, Kpandai District mobilized only 37% estimated revenue while EGD had 63% in 2012. In 2015 also, Kpandai District raised just 30% while EGD mobilized 70% (DBO, 2016). With this stringent revenue situation as a newly created district, the question that comes to mind is: are the newly created districts able to use their meagre internally generated revenues to fulfil their mandate of promoting accelerated development? The need to obtain answers to this question motivated the researcher to focus on the newly created districts for the study.

The limitations of this study are that some secondary data on the KDA's revenue (for example, IGF and DACF for 2009) were not accessible to the researcher and the District Chief Executive was not available for interview. Also, because this study is a case study, its findings cannot be used to generalize entire populations or all the districts in Ghana. It is good for what George (1979) refers to as contingent generalization. It affords for in-depth analysis.

1.7 Organization of the Study

This section gives an overview of how the research work is organized. This research work consists of seven chapters. The first chapter comprises the introduction or the background of the study. The main variables of investigation in this work are teased out therein. This is closely followed by the statement of the research problem, the research questions, the objectives of the study and the relevance, scope and limitations of the study.

Chapter two deals with the literature review; it highlights issues and debates raised by various scholars on the subjects of decentralisation, fiscal decentralisation, revenue mobilization, development, services delivery and the relationship that exist between revenue mobilization and development.

The third chapter presents the theoretical framework. Here, two theories were deployed to guide the study. They are the analytical framework for revenue mobilization and Integrated Rural Development Model. The former was applied as a yardstick for analyzing revenue mobilization and the latter was used to explain and guide development in the newly created districts especially the Kpandai District.

The methodology of the study is elaborately discussed in chapter four. The methodology included, among other things, the techniques and instruments used in the data collection process. A mixed method was used to collect both qualitative and quantitative data for the study. This approach was suitable for the study, in that it enabled the researcher to harmonize both primary and secondary data as basis for effective analysis. The fifth chapter discussed the local government system in Ghana and the background of the district in which the study was carried out.

Chapter six is devoted to the presentation and analysis of the evidence of the study. The analysis sought to establish the relationship between revenue mobilization and the development of the Kpandai District Assembly. Finally, the seventh chapter presents the summary, conclusion and recommendations that the researcher derived from the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature relating to decentralisation, revenue mobilization and development. The essence of the review is to study some of the works done in relation to this study, which will serve as a guideline and help identify the gaps in the literature, with a view to bridging them and extending the literature.

2.2 Decentralisation and its Forms

Existing literature on policy advocacy for empowering local government in recent decades shows that decentralisation has been the focal point of most governments. Decentralisation has no single acceptable definition. Turner and Hulme (1997: 152) defined decentralisation within the state as involving the transfer of authority, planning, and decision making power from an individual or an agency in central government to some other individual or agency which is ‘closer’ to the public to be served.

The United Nations (1962) cited in Kazentet (2011: 17) also defined decentralisation as “the transfer of authority on a geographic basis whether by deconcentration of administrative authority to field units of the same department or level of government or by political devolution of authority to local government units, or by delegation to special statutory bodies”.

Rondinelli (1981) on the other hand, whose definition is generally broad and points to the main issues of this study, states that decentralisation is the transfer of management, authority in public planning, and resource-raising from the national level to subnational levels or agencies. This definition involving central government – local government relationship is emphasized in Article 240 (2) of the 1992 Constitution of Ghana when it states that “functions, powers, responsibilities and resources should be transferred from the Central Government to local government units”.

The above definitions of decentralisation, therefore, imply the act of bringing the process of governance to the local people to enable them plan, manage, direct and have control over their development with the assistance of the central government and other agencies. It is worth noting that the processes of transferring these powers take different forms and different means: some are by means of devolution; others are by deconcentration of responsibilities to the local governments and other agencies.

In Africa, decentralisation started earlier than the 1980s as some writers suggest. Around this time, it became an important policy objective by which many African governments aspired to enhance equitable pattern of growth and development across their countries. In Sub-Saharan Africa (SSA), more than two-thirds of the countries have implemented some form of decentralisation policy reforms (Awortwi, 2010). The notable forerunner country in this regard is Uganda (Okidi and Guloba, 2006).

Although decentralisation is widely discussed, it is interpreted differently (The World Bank, 1989; Hussein, 2004). Thus, even though different forms of decentralisation are implemented, the impact of one form may be more encouraging than others. The forms of decentralisation identified in the literature (including the Constitution of Ghana, 1992) are conveniently classified into political, administrative, economic and fiscal decentralisation. These and other types of decentralisation are discussed below.

2.2.1 Forms of decentralisation

Decentralization Thematic Team (n.d) as well as Egbenya (2010) classified forms of decentralization into political, administrative, fiscal, and market decentralisations. Ayee (2008) and Dickovick (2012) also recognized political, administrative and fiscal forms of decentralisation. These forms of decentralisation briefly explained below have their importance and depend on each other for the success of the entire decentralisation program.

Political decentralisation involves granting power to the citizens or elected representatives in the process of formulation and implementation of policies and law, especially at the local level. This form of decentralisation grants each local government the power to constitute local “parliament” to enhance local self-rule.

Administrative decentralisation according to Decentralization Thematic Team (n.d) refers to redistribute authority, responsibility and financial resources for providing public services among different levels of government. For Egbenya (2010: 14) it “deals with the transfer of responsibility for the planning, financing and management of certain public

functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government”. The central government therefore reserves the controlling power over the local government, which acts as what Bird and Vaillancourt (1998) termed “agent” for the central government. Hence, when power to take certain important decisions is delegated to sub-offices by the main administrative authority, we refer to it as administrative decentralisation.

Market or economic decentralisation; this is a type of decentralisation which empowers the sub governmental bodies to also have some control over the transactions or exchange of goods and services within their areas (Decentralization Thematic Team, n.d; Egbenya, 2010). They further explain that market decentralisation has two types: privatization and deregulation. Privatization has to do with allowing the provision of goods and services wholly to the free operation of the market whereby both the government and the private sector provide services or infrastructure through cooperation. Deregulation allows private suppliers of goods and services to compete for the services that were hitherto provided by the government (Decentralization Thematic Team, n.d; Egbenya, 2010). He is of the view that this form of decentralisation is the most complete in which there is a shift from the public to the private sector of responsibility for functions.

Fiscal decentralisation is a central focus of, and most relevant to this study. The reason is that since policy has finance as its “lifeblood” (Asibuo, 2000), the sources of other forms of decentralisation policies hinges on effective fiscal decentralisation policies (Smoke, 2003). Additionally, fiscal decentralisation is a current topic in the decentralisation literature that

has evidently become a key variable in developing economies in their attempts to redefine and improve governance (Smoke, 2003). For these reasons, this study will be finding out the extent to which the policies in the fiscal decentralisation (especially revenue mobilization) are impacting on the development of the newly created DAs.

Besides these main types, some scholars, including Rondinelli (1989), also classified decentralisation into four other forms. These forms are deconcentration, delegation, devolution and privatization. Yet, others like Okidi and Guloba (2006) classified it into just deconcentration and devolution as explained below:

Deconcentration entails the transfer of functions and responsibilities from the central government to the local government for implementation by representatives of the centre. Devolution; on the other hand, involves the transfer of “the power to plan, budget, mobilize resources and implement development programs” (Okidi and Guloba, 2006: 3). It is instructive to add that deconcentration and devolution as well as delegation are forms of administrative decentralisation.

Awortwi (2010) hinted that the order of implementation of the types of decentralisation counts a lot when it comes to the effectiveness of the decentralisation program. Comparing the Ugandan and Ghanaian decentralisations, he indicated that “Ghana and Uganda have implemented decentralisation reforms following two different trajectories. While Ghana’s sequence was: administrative, political, and later fiscal decentralisation, Uganda’s was political, administrative, and then fiscal” (Awortwi, 2010: 627). Hence, he claimed that

sequence of the implementation of the forms of decentralisation is responsible for the differences in the decentralisation performances of both countries.

The essence of decentralisation and the need to ensure efficient service delivery to the local governments have made some local governments to take advantage of decentralisation reforms. For instance, Urban Councils in Uganda have seized the advantage of the decentralisation reforms to contract out to the private sector, certain services allowed to them. They did this in an attempt to enhance efficient delivery of local services as well as increase local revenue mobilization. In specific areas, evidences show that some measure of “success” has resulted from privatization of markets (Nsibambi, 1995).

2.2.2 Fiscal Decentralisation

Fiscal decentralisation defies a single definition. According to the United Nations Development Program (UNDP) (2005), fiscal decentralisation is about how local governments get “authority and control” as a result of being given more power in the use and management of their financial resources. By this definition, local government’s autonomy is a paramount treasure. Sarpong (n.d) on the other hand defined fiscal decentralisation as the “process of distribution of public finance and responsibilities to the various levels of government”. This means that the local governments are granted management responsibility over revenues. Thus, the above definitions imply that fiscal decentralisation basically has to do with the policies that are designed to enhance local governments’ autonomy in managing their revenues (Ayee, n.d; Akorsu, 2015).

In the literature, fiscal decentralisation is referred to as fiscal federalism by American scholars and as intergovernmental fiscal relations by European writers. It is the core component of the decentralisation program which takes several forms. The forms that fiscal decentralisation take, according to Calabria (2009) cited in Sarpong (n.d), inter alia, are self-financing, authorization of municipal borrowing, the mobilization of either national or local government resources through loan guarantees and expansion of local revenues through property or sale taxes.

Literature has it that successful decentralisation is only conceivable if the entire local governance is rooted in a sound fiscal decentralisation. Mogues and Benin (2011: 1054) for instance argue that improved decentralisation is founded on the assumption that fiscal decentralisation “results in local governments gaining substantial discretion in allocating public resources to competing economic uses in their jurisdictions”. This is so because the success of any sound fiscal decentralisation program rests upon a sound revenue base (Olowu and Wunsch, 2003). Thus, the decentralisation program at the DAs level is anchored on a meaningful fiscal decentralisation.

In recent times, fiscal decentralisation has gained the support of leading development agencies across the globe, including the World Bank, the Asian Development Bank and USAID because of its prominence (Ankamah, 2012). For instance, the World Bank (1997) noted that, as at the mid-1990s, some 68 developing countries out of 75 did practice some form of fiscal decentralisation, and the Bank thus, considers fiscal decentralisation as a great

force that shapes governance and development. As a result, it has become an integral part of the world's reform agenda.

In Africa, fiscal decentralisation could not have gained this prominence, but for its reinforcement of local government finances and the competences of the DAs in providing public services. It however dwindled in recent decades, following the fast rate at which African population has grown as against the slow pace of revenue mobilization capacity. Thus, the growth of Africa's population has outpaced local governments' capacity for service delivery, compelling those local governments to try satisfying the needs of many which led to poor quality delivery. However, when the quality of service delivery is compromised at the local areas, it leads to general poor services delivery, and this in turn, according to Fjeldstad and Heggstad (2012) is the cause of governance crisis of many local governments.

2.2.2.1 The requirements of a good fiscal decentralisation

Pondering over the unstable state of fiscal decentralisation and implication of that to policy, Smoke (2001) suggests that appropriate roles of the public sector must be given consideration before fiscal decentralisation can be thought of. Smoke therefore enumerated some prerequisites that a good fiscal decentralisation initiative must have as follows: an environment that is adequate and enabling, the establishment of an adequate system of intergovernmental fiscal transfer, assigning to the local governments an appropriate set of local own-source revenues; assignment of appropriate set of functions to local governments; and the establishment of adequate access of local government to development capital.

Moreover, constitutional or legal mandates that will allow for rights and responsibilities as well as a minimum level of autonomy for local governments are required for fiscal decentralisation to thrive. However, many countries have constitutional laws and clauses on local government that have tried to decentralise but rather unsuccessfully. Indonesia for instance, rather turned out to be fiscally more centralized (in 1974) after the passage of a major decentralisation law (Smoke and Lewis, 1996). Ethiopia and Uganda are, on the other hand, the recent good examples of better performing countries within decentralisation reforms (Bahl, 1997; World Bank, 2000). The cardinal reasons for their attainment of this status are that; in the first place, within both countries, political conditions that are emerging have resulted in decentralisation being based on a strong national will. Additionally, constitutional and legal provisions are clearly developed and defined to generally support decentralisation and also strengthen the decentralised levels of government. Thirdly, institutions have been established to co-ordinate and oversee both decentralisation and reform of local government and there is recognition for local governments to have adequate resources to enable them meet their assigned responsibilities for effective decentralisation.

All these notwithstanding, Smoke (2003) argues that without a properly defined fiscal decentralisation, the other two forms of decentralisation would have little impact. He notes that improper definition of fiscal decentralisation coupled with poorly articulated roles plus resource deficiencies, could cripple local governments and also undermine incentives for both elected representatives and local officials to perform effectively. This means that fiscal

decentralisation will rather constrain the intended purpose for which it is initiated if the conditions making the policy effectiveness are wanting.

The UN (1996) cited in Ankamah (2012: 33) is of the view that what is required to promote efficient fiscal decentralisation is that decentralised financial management system has to include “transparency of allocation, predictability of the amounts available to local institutions and local autonomy to decision making on resource utilization”. Furthermore, The UN (1996) thinks resource allocation should rather be based on transparent formula. The UN also states that the central-to-local transfers should create the awareness of the local institutions, how much revenue will be available in the next planning year, to enhance planning in and allow for autonomous decision making in the utilization of limited resources.

2.2.2.2 The case for fiscal decentralisation

The “theoretical case for fiscal decentralisation dates back to the 17th and 18th Century philosophers, including Rousseau, Mill, de Tocqueville, Montesquieu and Madison” (Kee, 2003: 6). Central governments, by this time, were distrusted and small, democratic governments were seen as the most important hope for the preservation of the liberties of free men (Gill, (2000) cited in Kazentet, (2011)). Kazentet thus argues that the need to strengthen subnational finances as well as their capacity to grant public goods and services is the rationale for the emphasis of fiscal decentralisation. This provides local governments part of revenue authority, expenditure responsibility and decision making power on the structure and level of their expenditure budgets. The rationale for such arrangement is to

attain allocation efficiency. Kazentet (2011: 20) believes that by this, the “local people will be able to articulate their needs and preferences, and participate in governing their affairs”. The end result is that the local governments will be able to “improve economic efficiency and accountability” (Kelly, 2000: 36). Hence, allocative efficiency is a consequence of good fiscal decentralisation.

2.2.2.3 Relevance of fiscal decentralisation

Inanga and Osei-Wusu (2004: 77) pointed out that literature on fiscal decentralisation does suggest numerous benefits that are attributable to fiscal decentralisation and thereby justifying the need for it. These benefits, among others, are improvement in sources of revenue; improvement in the quality and level of local services; greater accountability and “better matching of local services to the preferences of local constituencies” (Inanga and Osei-Wusu, 2004: 77).

Smoke (2001) also identified three main reasons why fiscal decentralisation is relevant in the developing countries and must be given attention. These are:

1. The failure of economic planning by central governments in promoting adequate development.
2. Changing international economic conditions and Structural Adjustment Programs (SAP) designed to improve public sector performance which have created serious fiscal difficulties for developing countries.
3. Encouragement of the development of financial autonomy in developing countries by changing of political climates.

Kee (2003: 3-4) also stated three basic reasons that informed the “renewed interest” in fiscal decentralisation reform and these are:

1. Central governments increasingly are finding that it is impossible for them to meet all of the competing needs of their various constituencies as well as local areas and are now attempting to build local capacity by the delegation of responsibilities to their regional subnational governments.
2. Central governments are looking to local and regional governments “to assist them on national economic development strategies”.
3. Regional and local political leaders are demanding more autonomy and want the taxation powers that come along with the associated expenditure responsibility.

What can be reasoned from the claims of Smoke (2001) and Kee (2003) above is that the time has come for the local governments to be more robust and independent in order to assume more active responsibility in developing their respective areas. Thus, the central government’s cooperative efforts in complementing the local governments in their development agenda is increasingly becoming an issue and thus necessitating the overhaul of fiscal decentralisation policies. Yet, in practice, efforts as to how that could be achieved leaves much to be desired.

2.2.3 Benefits of Decentralisation

The source of support for decentralisation primarily is traced to the classical liberal democratic political theory (e.g. the works of John Start Mill). According to Turner and Hulme (1997: 157) the theory predicts both national and local governments benefit from

devolution and mass participation in formal political structures at the local level. They therefore state clearly that the benefits we derive from democratic decentralisation provides the following:

1. Political education teaches the mass of the population about the role of political debate, the selection of representatives and the nature of politics, plans and budgets in a democracy.
2. Training in political leadership creates a seedbed for prospective political leaders to develop skills in policy-making, political operation and budgeting with the result that the quality of national politicians is enhanced.
3. Political stability is secured by participation in formal politics, through voting and perhaps other practices (for example active support for a party) which strengthen trust in government so that “social harmony, community spirit and political stability” are achieved. In addition, a mechanism is created to prepare the masses for profound social and economic changes that are associated with development.
4. Political equality from greater political participation will reduce the likelihood of the concentration of power. Political power will be more broadly distributed thus making decentralisation a mechanism that can meet the needs of the poor and disadvantaged.
5. Accountability is enhanced because local representatives are more accountable to the populace and can thus be held more closely accountable for their policies and outcomes than distant national political leaders (or public servants). A vote at a local

election is a unique mechanism for the populace to register its satisfaction or dissatisfaction with the performance of representatives.

6. Responsiveness of government is improved because local representatives are best placed to know the exact nature of local needs and how they can be met in a cost-effective way (Turner and Hulme, 1997: 157).

The first two arguments: political education and training political leaders pertains more to the initial experimental stages of decentralisation where the colonial masters began ceding powers to the local people and are of little use now. The next two, political stability and political participation, are the real political benefits of decentralisation that the contemporary national leaders cite most often. Finally, the fifth and sixth, which have to do with accountability and responsiveness are also cited in recent times especially the donor agencies and development partners (Turner and Hulme, 1997: 157).

Dickovick (2012: 1) contends that decentralisation is crucial in the process of governance based on its contribution to “the basic, intrinsic goals of stability, development, and democracy” and could also make governance more responsive, inclusive and developmental. He further notes that decentralisation was used as an ameliorating policy option in many war-torn African countries and those that are likely to escalate into violent conflicts such as South Africa, Nigeria, Ethiopia, Mali, and Kenya. Unfortunately, however, decentralisation could equally worsen conflict situation if caution is not taken in the efforts to decentralise (Dickovick, 2012).

Administratively, decentralisation seeks to deepen democracy and governance, improve administration, 'ensure distribution of the national cake', and to accelerate overall national development (Kufuor, 2008: 1; Okidi and Guloba, 2006; Saito, 2001: 1). Reechoing the same point in a different way, Ankamah (2012), citing Ghana (2008), noted that the goals of transferring powers to the local governments are to: strengthen and expand local democracy; decrease poverty and increase the choices of the people; and to promote local, social and economic development.

Economically, Rondinelli (1981: 136) thinks that decentralisation has a benefit to offer. He states that "By reducing diseconomies of scale inherent in the over-concentration of decision making in the national capital, decentralisation can increase the number of public goods and services – and the efficiency with which they are delivered at lower cost". However, expansive provision of public good in decentralised system at the local level leads to 'local policy pre-emption' and this encourages the local governments to try reducing the pace of establishment of fiscal authority at the national level by invoking on their 'veto power' (Leibfried et al., 2005).

Politically, decentralisation in effect could improve on the levels of authority, autonomy of subnational units, central government's accountability to the people, empowerment of state capacity democratization, the efficiency of public administration and ensures effective development and good governance (Dickovick, 2012; Saito, 2001). Another vital role decentralisation could play, according to Egbenya (2010), is broadening participation in political, social and economic activities. This is achieved through its lessening of the

decision making bottlenecks which are often attributed to central government taking control and planning of important economic and social activities.

2.2.4 Challenges of Decentralisation

Despite the good number of benefits that states derive from decentralization, there are several challenges. Certainly, where these challenges could be addressed, that should effectively be done in order to obliterate the risk of shaking the foundations on which decentralisation is established. The challenges are as follows:

- Decentralisation could lead to misuse of power and authority resulting from inadequate supervision and weak accountability mechanisms. This is highly possible when the central government is unable to ensure effective supervision and accountability either as a result of neglect of mandate or abuse of autonomy of the local governments.
- Smith (1985) contends that decentralisation is essentially divisive and sectionalist in character and thus, threatens national integration and unity. He also describes it as anti-egalitarian due to its design that goods and services are not provided at national but rather local level. Regrettably, governments that are autocratic in nature will more probably ensure that sub-national governments are limited in their autonomy, especially in resource allocation or ensure that instead of the elected officials, the appointed ones make final decisions (Dickovick and Riedl, 2010; Makumbe, 1998: 11). By inference, decentralisation becomes a sheer expansion of power base and the national elite's resource engendering questionable efficacy to the people.

Consequently, decentralisation can as well become a potent instrument for central government's control of the public at the local level (Makumbe, 1998: 11).

- Additionally, decentralisation is capable of compromising and lowering the quality of public services at the local level. As a result of selfishness and mediocrity on the part of the personnel in their performances, lower quality goods and services are more often provided at the local level compared to what is obtained at the central level, which characterized by availability of skilled personnel (Makumbe, 1998; World Bank, 2000).
- Decentralisation, to a large extent, also signifies a complex form of governmental policy. It has its features and duplication which can lead to misuse of scarce resources. Creating many sub-national governments brings about complexities regarding the roles and functions, power sharing relationships, revenue allocation, among other governance procedures. When these issues recur, especially complexities associated with definition of mandates for the levels of government and resource duplication, their effects could translate in defeating the very purpose of decentralisation.
- Critical analysts of decentralization posit that it could also degenerate into the decentralisation of corruption, whereby few top personalities at the grassroots level enrich themselves from the resources meant to benefit the generality of the public. Hence, decentralisation practice at the local level is highly criticized as being oligarchic because it may benefit only a few at the expense of the larger or general population (Makumbe, 1998; World Bank, 2000; Manor, 1999).

- Castles (1982b) and DeViney (1983) also maintain that administratively or fiscally, by comparison, centralized states, with respect to generous and expanding social expenditures, are more conducive than decentralized ones. Even though, conversely, Hage and Hanneman (1980) contend that states that are centralized can either promote or retard social expenditures, one thing is clear – federalism varies. Hence, Leman’s (1977, 1980) works seem to calm this debate when it clarified that relatively centralized state with parliamentary federalism has promoted steady streams of innovations of social policy as well as their diffusion across levels of government, while the highly decentralized federalism (e.g. United States) , coupled with power divisions among executives, legislatures and courts has been able to compel major social policy innovations, during national political or economic crisis epoch, to come in “big bangs”.

2.3 Global Studies on Revenue Mobilization of Sub-National Governments

Local governments throughout the world are established and empowered by some legal frameworks. The frameworks under the fiscal decentralisation policy are intended to ensure adequate revenue mobilization to meet developmental responsibilities of the local governments. Thus, the literature has outlined several frameworks, sources and strategies of revenue to the Metropolitan/Municipal/District Assemblies (MMDAs) which concern and range from the intergovernmental transfers, grants to Internally Generated Fund (IGF).

Scholars explained revenue mobilization in several ways. For Adu-Gyamfi (2014: 107), revenue mobilization refers to an act of marshaling, organizing and assembling financial

contributions from all incomes that accrue from identifiable sources in an economic setting. This implies that revenue mobilization is the gathering or preparing of government's regular income for a deliberate purpose. In relation to the DAs, revenue mobilization thus, also involves increasing governmental funds which does not increase liability or recovery of expenditure (Asare, 2015).

Even though the literature emphasizes that taxing authority should be assigned between central and lower levels of government there is actually no ideal assignment of revenue sources (Fjeldstad and Heggstad, 2012). In the traditional fiscal federalism theory however, a set of 'tax-assignment rules' was developed (Oates, 2005). These rules relate to the particular responsibilities of central and lower levels of government in macroeconomic stabilisation, resource allocation and income redistribution (Boadway et al. (2000) cited in Fjeldstad and Heggstad, 2012). Monkam (2010: 5) notes that in some countries, taxation (property) is a shared tax of central government where tax rate is set by the central government, with local governments authorities given no discretion to do same, while in other countries, "local authorities would set tax rates either with complete freedom or under central government supervision and approval, or they would be granted discretion to set rates within some statutory limitations". For instance, in South Africa, even though local governments are "prohibited from imposing income, value added, or general sales tax or customs duties ... national legislation could enable specific categories of local government to impose other taxes, levies, and duties" (Heymans, 2006: 67). However, Shah (2006) observes that tax revenue assignments alone at the local government levels suffice not as

incentive but this should be go hand in hand with matching grants in order to be able to motivate the improvement of fiscal efforts.

Under the 1992 Constitution of Ghana, section 245b and the Local Government Act, 1993 (Act 462) section 240 (2c) provide for a sound financial base with adequate and reliable sources of revenue for the local government units. According to Ndung'u, (2014: 13) the efficiencies of such frameworks are high “when the intergovernmental fiscal framework is welfare enhancing, incorporates incentives to encourage prudent fiscal management at all government levels and responsibilities to tax and spend at the sub-national levels is accompanied by adequate political authority”.

Central governments across the globe delegate responsibilities (especially developmental) to the local governments. In Africa, the intergovernmental transfers to the local governments to carry out these responsibilities do not commensurate the assigned responsibilities. For instance, the central government in Ghana has assigned the District Assemblies with several responsibilities – eighty-six functions – which, inter alia, are planning, budgeting, finance, infrastructural development and security, without effective corresponding means of carrying out those responsibilities (Ayee, 1997: 38; Ayee, 1996: 44). Sarpong (n.d) emphasized that this financial responsibility is an important component of decentralisation and as such the subnational governments must effectively raise and sustain an appreciable amount of revenue (IGF) if their autonomy and positive impacts are to be felt. Invariably, the local governments could only attain a meaningful development if their revenue base and revenue collection are adequate and managed well in the course of addressing the developmental

challenges. Hence, a sound revenue system for local government is an essential precondition for compelling local development and successful fiscal decentralisation program.

According to Drummond et al. (2012) as a result of the limited resources available for many countries in Sub-Saharan Africa (SSA) to implement the needed vast infrastructure, mobilization of more revenue has become a priority for these countries in SSA. These very countries have huge developmental agendas to implement yet ineffective revenue mobilization has been the main cause of fiscal imbalances facing most of them in the sub-region.

Studies have been carried out by many scholars on revenue mobilization in developing world, particularly in the SSA. These scholars have studied the relevance of institutional factors such as governance and quality of institutions in addition to traditional measures, purposely for determining the ability of the countries concerned to raise more revenue. According to them, these factors could have some effect on tax revenue based on the contribution they have on the improper tax exemptions, level of tax evasion, and weak tax administration (Tanzi and Davoodi, 1997). In the Nigerian case, weak institutions are a factor, especially in situations where some elites and political godfathers could do all they can to ensure that some companies that they have some interest receive some tax exemptions.

For Bird et al. (2004) factors like corruption, entry regulations and rule of law play key roles as far as revenue mobilization is concerned. Thus, some revenue collecting officials could

connive with the tax payers so as to collect less than what actually should be paid by the tax payer in return for “settlement”. Hence Bird (2004) states that any successful tax reform that aims at doing away with these challenges must be backed by a strong political will to reform, which will involve strengthening the institutions enough avoid being compromised by some economic and political heavy weights in the society. Similarly, Bird et al. (2004) point out that in order to achieve effective revenue mobilization by means of adequate tax collection, then there must be in place, a political leadership that is capable of ensuring effective control of corruption and adherence to rule of law within its territory. This is highly required in the developing countries, where inadequate revenue is raised due to poor administration of revenue collection procedures (Baingana, 2011).

2.4 Internal Sources of Revenue Mobilization of District Assemblies in Ghana

The literature on revenue mobilization presents tax and non-tax avenues for financial resources mobilization for the MMDAs in Ghana. Among the avenues include the three major sources identified by Sarpong (n.d). These are: Internally Generated Fund [IGF (tax and non-tax sources)] and other Financial Arrangements. The tax sources such as compulsory payments include taxes chargeable on the incomes of self-employed persons. On the other hand, the non-tax sources are voluntary contributions or payments by certain services beneficiaries to the districts and they include licenses, user fees/charges, permits, rates, rents, investments, fines, income from commercial activities and royalties. The other financial sources/arrangements are the external sources that are not captured under the IGF.

2.4.1 The Internally Generated Fund (IGF)

The Internally Generated Fund (IGF) as indicated by Sixth Schedule of the Local Government Act of 1993, Act 462, comprises funds exclusively collected for or by subnational governments. In reference to the 2010 Constitution of Kenya, Ndung'u (2014: 16) indicates that Article 187 “permits the transfer of functions and requisite resources for their delivery between government levels”. Such resources include revenues, which may broadly be classified into tax and non-tax sources as stated earlier and is further espoused in chapter five.

Kessey and Gunter (1992) also note that internal revenue mobilization principally consists of two aspects: policy formulation and administration. They stated that policy formulation has to do with the determination of fiscal goals and laws and rules formulation for the attainment of such goals. Thus, issuing guidelines for laying taxes at the DA level is the responsibility of the Minister for Local Government and Rural Development (MLGRD). On the other hand, administration deals with the implementation of the formulated fiscal policies. They pointed out that, in the revenue mobilization process, although policy formulation and administration are equally important, they unfortunately receive varied attention in both theory and practice. Formulation of revenue policy is given more attention as compared to administration. They therefore attributed the failure of numerous theoretical fiscal policies to the limited attention given to the administration of revenue policies. This challenge according to Musgrave and Musgrave (1994) has, in recent years, attracted some comments in the public administration and academic cycles.

The literature made it clear that IGF of many countries across the globe and especially Africa has been inadequate. But in the quest to generate the required internal revenue, Brosio (2000) points out that several local governments (LGs) aim at increasing fees, taxes and charges they are capable of regularly mobilizing without extremely worrying about the distributions effects and economic distortions that may result from these instruments. The increments could produce good revenue for areas with sound economic activities. A varied view however is that, the possibility to increase LGs revenues through taxes or other forms of tributes is very limited, especially in poor rural areas (George and Linder, 2004). Unfortunately, the subordination of local governments to the central government control over their revenue items leave them (LGs) with no option than to hang on to, and increase taxes, charges, etc., on the sources of revenue that they are flexible at mobilizing, regardless of the consequences that could result. The effect of the inadequacy of IGF is that it is only spent on recurrent expenditure such as travel and transport, personnel emoluments, and miscellaneous rather than on the actual intended developmental projects (Akudugu and Opong-Peprah, 2013). This situation affects the performance of the MMDAs and further subordinates them to the central government in terms of local government development priority setting, because, as the saying goes, he who pays the piper calls the tune.

2.5 External Sources of Revenue Mobilization of District Assemblies in Ghana

External transfers refer to the revenues that are transferred from the central government to the MMDAs. The Local Government Systems do provide for several transfers. In the case of Ghana, the external transfers include the intergovernmental transfers such as the District Assemblies Common Fund (DACF), District Development Facility (DDF), Urban development grant, and donor support. These external transfers are highlighted below:

2.5.1 The District Assemblies Common Fund

Article 252 of the 1992 Constitution of Ghana on Decentralisation established the DACF, which is to serve as a capital project fund for the District Assemblies (DAs). The DACF has nonetheless been the over relied source to the DAs, which is unpredictable in terms of both magnitude and timing (Inanga and Osei-Wusu, 2004). Extant literature indicate that this fund alone is almost insufficient for a district to wholly depend on. Ironically, the practice has been that “without the external funds most local governments would not be financially viable to efficiently provide the services they are mandated to deliver” (Mohammed, 2014: 14).

Thus, the District Assemblies have to generate funds internally from such sources as: taxes on property, businesses, markets tolls, other transportation services, etc. to complement the DACF. However, their inability to raise the required internal revenue to meet their responsibilities is the cause of overreliance on the DACF, which more often is not released on time – not suitable for recurrent expenditure. Egbenya (2010: 16) for instance states that there are other channels by which the fund is utilized. He said “under the District Assemblies

Common Fund Act of 1993, 5% of the national budget was allocated to districts in quarterly installments and the Ministry of Local Government and Rural development was supposed to provide each district with a range of amenities including telephone and electricity”. Adu-Gyamfi (2014: 114) further gave the update of the fund when he noted that “Currently, the fund is 7.5% of the national revenue (ILGS, 2010)”. The impact of this current value still leaves much to be desired, and this invariably accounts for the concerns that have been raised, however, about the Members of Parliament’s share of the DACF regarding issues of management, disbursement and accountability (Appiah-Agyekum et al., 2013).

In relation to the flexibility with which the DAs can utilize the Fund, a proportion of about 50% of the Fund is “earmarked by the central government for specific MMDA purposes” (Adu-Gyamfi, 2014: 111). This implies that the DAs have flexibility over 50% of the total amounts allocated to them. The DACF was, in accordance with the laid down procedure, implemented in Ghana in 1994 for the first time. It is the largest source of income, accounting for about 75% of the yearly revenue of the DAs, whose flexibility in spending the fund are limited (Adu-Gyamfi, 2014). This differs from the IGF, which the DAs have raised through taxes and fees and can use it fully flexibly even though it is comparatively smaller than the DACF (Mohammed, 2014). Even though it is the largest source, the DACF is associated with problems such as at source obligatory deductions and delays in the release of the fund. These issues slow down the processes of implementation of projects and generally limit the effectiveness and efficiency of the MMDAs. The implications of these problems on implementation of projects would be considered in the data analysis.

2.5.2 The District Development Facility

The District Development Facility (DDF) was established in 2006 as the combined funding from both the Government of Ghana (GoG) and development partners and is a new funding source for MMDAs based on an annual performance assessment. Adu-Gyamfi (2014) and Ministry of Local Government Rural Development and Environment (MLGRD (2008)) clarified that this fund uses performance based criteria as an incentive for enhancing financial management practices within the DAs. The criteria to be met in order to access the fund are based on Functional Organizational Assessment Tool (FOAT). The fund is not meant to punish the MMDAs whose actions are beyond their control but to allow the DAs which meet the criteria to receive additional resources as alternative to IGF. This annual performance based fund allows for effective local participation in decision making, transparency and accountability in the local governance (UNDP, 2000). For instance, under a period under review (2009-2015), the Assembly was supposed to conduct at least three meetings out of the four sessions of the Assembly (encouraging participation), the reports of which are part of the assessment. The Assembly must also ensure that there are no adverse audit findings and unsatisfactory previous action plans, among others. The fact that DDF would end in 2017 mean that the MMDAs will suffer a great deal of revenue inadequacies, especially the young districts, unless an equally vibrant alternative source(s) is/are obtained though the joint efforts of the Ministry of Local Government and Rural Development and the Ministry of Finance.

2.5.3 Urban Development Grant

Urban Development Grant (UDG) is an annual performance based grant given to selected MMDAs to finance some projects which are of priority within the medium term development plans of these local governments. The UDG is also aimed at strengthening the capacities of these sub-national government by means of technical advisory services. It is also intended to enhance training for improving performance of the selected urban local governments in the five key public financial management reform areas. Thus, in recent time, following the declaration of Kumasi as the best managed metropolis in Ghana, the World Bank has awarded a grant of \$4.2 million to the Kumasi Metropolitan Assembly (KMA) under its UDG to undertake development projects (Ministry of Finance, 2017). Even though this grant is huge and attractive, newly created districts have less chances of qualifying for it because of high competitiveness as well as the scope and performance requirements.

The local governments are said to have no control over external transfers and donor support meant for them, especially in terms of the amount and the time of release of such funds. mostly used, in less developed economies, for capital projects, local government budget support and provision of services to the local people and are discussed later in chapter five and in the data analysis.

Even though finance is the “lifeblood” of decentralisation, it has, however, remained a major problem for decentralisation (Ayee, 2006). Prud'homme (1989) argues that out of total government revenues, sub-national governments generate about 20% while they spend about 30%. Thus the 10% difference is made up from the central government transfers.

Sarpong (n.d) in his study on the topic: “An Assessment of Internally Generated Funds and their Contribution to District Development: A Case Study of New Juaben Municipal Assembly” argues that intergovernmental fiscal transfers cover fiscal imbalance at a local government level. He also pointed out that evidence has shown that significant variances exist in terms of the magnitude of revenues generated by the DAs as a result of differences in revenue-generating potentials. Hence, intergovernmental transfers could be utilized to meet the objectives of national redistribution in order to offset the differences in fiscal capacity among local governments. Additionally, it could be used to promote local expenditure on goods and services that exhibit positive externalities (Sarpong, n.d). Such transfers, in the case of Ghana, are meant for supporting reduction of poverty and specific sector activities within the districts (White, 2011).

2.6 Politics in Ghana and issues relating to Revenue and development of Local

Governments

According to Kimble (1963), revenue mobilization for local governance in Ghana comprehensively began when the British colonial administration passed the poll tax through the Poll Tax Ordinance. As the first major economic grievance between British and the local chiefs, poll tax went through difficult stages before the it was eventually imposed, purposely to solidify colonial rule as well as to “employ more magistrates, and to extend the provision of road, schools, hospitals, and dispensaries...” so as to enhance high degree of civilization (Kimble, 1963: 169). He further states that the passage of the poll tax, finally, smoothly gained grounds by 1852. Thus, this poll tax (voluntary revenue) became the base upon

which the colonial officials raised significant revenue for administrative and development purposes.

According to Kimble (1963) the expansion of expenditure responsibility made the colonial authority to begin expanding the source of revenue in order to contain increasing demands for more expenditure. Unfailingly, the financial burden that arose from more responsibility has to be contained. It is therefore not surprising that: “the establishment of a more elaborate machinery of government impressed upon British officials the urgent need to increase revenue by some means or other” (Kimble, 1963: 169). Henceforth, the expansion of the sources of revenue strategically started; and this continued from one government to the other till now. The current revenue sources of the MMDAs in Ghana that are legally sanctioned are contained in the 1992 constitution as well as local governments sixth schedule of Act 462, 1993. Several of them have been explicitly discussed above (in this chapter) and in chapter five below.

The success of revenue mobilization from taxation did not originally go untainted with undesirable challenges: inefficiency of revenue collectors, heavy transport expenses for bulky currency, unexpected drop in the exchange rate of cowries, and natives collecting taxes without being given control over expenditure (Kimble, 1963). Moreover, tax collection was also fraught with mismanagement by the colonial authorities and lack of motivation (failure to pay the chiefs their salaries) – all these problems caused the natives to refuse paying the tax (Kimble, 1963). These problems have recurred and have been reiterated in the recent literature so much that this study will examine the general challenges

that are encountered in revenue mobilization, as well as channeling that revenue towards accelerated development in the MMDAs.

2.6. 1 The Relationship Between Revenue Mobilization and Development of Local

Government Areas

Generally, the literature agrees that decentralisation or local governance brings about development of the local areas (Hussein, 2004). To enhance the achievement of the objectives of the decentralisation; the local governments, as stated earlier, have been legally empowered by some frameworks to levy and collect various types of taxes for the development of their areas of jurisdiction. Thus, local level development is the rationale for which multilateral banks call for decentralisation with the belief that more efficient service delivery, poverty reduction, higher growth and "decentralized service provision can provide better for the poorer sections of society" (Ahmad, 2010: 2). Bardhan (2002), in his study on the topic: "Decentralisation of Governance and Development" notes that out of these elements of improving the welfare of the poor societies, poverty reduction is comparatively a more important performance indicator than overemphasis on efficiency in public services provision. But poverty poses several challenges to the rural folks such that DAs need effective measures to at least minimize it. Debrah (2013: 41) emphasized this point when he states that "solution to the poverty problem requires multifaceted measures, which are transformational in outlook and have the capacity to break the generational poverty cycle". He argues however that any poverty reduction strategy will not bring about positive change

in the livelihoods of the poor people, if it focuses on cash distribution because that often “perpetuates the problem it is designed to solve”.

Mohammed (2014) laments however that the evidence from the Ghanaian experience shows that the fragmented local governments’ spending (which might not be different from that of the newly created DAs) on poor local areas is insignificant, since the poor are not represented in local government. Invariably, service delivery may overly be at the advantage of the elites than the non-elites (Bardhan, 2002). However, Jütting et al. (2004) argue that, a country in which the state is incapable of fulfilling its basic functions risks the tendency of the decentralisation increasing poverty rather than reducing it. Such a country with pro-poor decentralisation focus requires a clear understanding of the real factors that influence the process in order to make way for development.

Sepulveda and Martinez-Vazquez (2010) established that decentralisation, which is anchored on sound revenue mobilization, has impacted positively on measures of The Human Development Index (HDI) and poverty. This results in the development in the local government results from decentralised local governance, especially in promoting strategies of participatory development and formulation of policies that will suit the local priorities. Dick-Sagoe (2012) and Mohammed (2014) however lament that the efforts of the DAs in providing the basic need of their people leave much to be desired because of widespread poverty in their areas. This situation, according to Dick-Sagoe (2012), militates against the smooth implementation of their development plans. To contain this negative trend, Nuluva (2015: 1) emphasized that “improvement of revenue collection in Local Authorities is the

key to meeting their financial obligations leading to realization of their mandate to offer quality and timely services to the people, the demand for which may exceed the available resources”. Thus, higher local revenues (especially IGF) reflect a higher willingness to pay for local public services due to more efficient and responsive local government jurisdictions (Oates, 1993). Hence, high revenue mobilization is associated with high economic growth and development.

However, the contrasting view that local revenues creates an obstacle to economic growth or development has made central government officials in some developing countries (including their international financial supporters) to support the removal of “local taxes and other local own revenue sources” (Baisalbayeva, 2013: 2). In the literature, this perspective has received substantial attention and diverse analysis. For instance, the notion that higher local revenues will limit the potential for investment, business growth and job creation are utilized as an argument to actively advocate for reducing local taxes, fees, and licenses (Corthay, 2009). The divergent opinions on how local revenues might impact on economic growth and development are pitting various international actors and development partners against each other in offering policy advice to both national and local governments. This state of affairs is what has inspired the recent academic effort to further unearth evidence relating to the potential effects of revenue decentralisation (Baisalbayeva, 2013).

2.6.2 The Impact of Low Revenue Mobilization on Local Governments Performance

Limited revenue mobilization according to many writers on fiscal decentralisation, generally impacts negatively on the performances of the local governments. The development priority setting of these local governments is not an exception. In some countries (for example Ghana), the central government gives to the districts the Common Fund and then dictates to them the formula for disbursing it. They may, for example, determine that such and such percentage of the fund should go into the disability fund, educational sector, health sector, etc., which may deviate from the developmental priorities of the districts, thereby leading to lop sided development.

Kazentet (2011: 33) asserts that limited revenue mobilization led the central government in Ghana, since 1995, to assume “responsibilities for salaries as well as pensions of district staff, provided they fall within the approved manpower ceilings of the Assemblies. Other operational and administrative expenses of the Assemblies are also borne by the central government” (Nuluva, 2015: 1). Nonetheless, decentralised units must, of necessity, have adequate level of revenues if they are to effectively carry out their responsibilities and compel local governance and development (Kazentet, 2011; Mohammed, 2014).

Hence, these situations have made the DAs unable to bring about the needed development, which is the basis for judging their success or failure (Ayee, 1997). According to Mohammed (2014) Ghanaian experience shows that competition by the DAs in ensuring accelerated development had been lacking. It is worth finding out whether the above assertions apply to the new districts or they have different experiences.

The above review of the extant literature on revenue mobilization therefore indicates that, the IGF of DAs is indeed, used for recurrent expenditure and not on capital intensive projects without sound justification for that. Also, the challenges of revenue mobilization centred more on the management body of the revenues and the revenue collectors with very little on the tax payers. Additionally, the impact of low revenue mobilization on local governments espoused, especially by Akorsu (2015) and Kazentet (2011) was limited to only payment of either salaries or related obligations. Indeed, even in the colonial era, “poll tax revenue was insufficient even to develop the towns” (Kimble, 1963: 184). This study will try to find out if low revenue mobilization could have some other impacts. It will further elaborate on the issues raised herein and thus, extend the literature.

2.6.3 Relationship Between Fiscal Decentralisation and Growth and Development

It is worth looking at the relationship or correlation between fiscal decentralisation and economic growth or development, which has been analyzed by scholars in the past three decades. Their analyses were mostly theoretical and based on the impact expenditure decentralisation has on economic growth or development. Empirical research on this relationship by most scholars is not only somewhat smaller, but also inconclusive (Breuss and Eller, 2004).

Even though the theory shows that the impact of fiscal decentralisation on economic growth and development is positive resulting from efficiency gains, the practical analysis only partially supports this notion. Some scholars have found robust and significant empirical relationship between fiscal decentralisation and development and an example of this is

evidenced in the work of Lin and Liu (2000). They indicate that overall growth rate of China positively depends on fiscal decentralisation through efficient improvement of resource allocation rather than from inducing more investment. This observation is in line with the earlier submission on the allocative efficiency as an essence of fiscal decentralisation. However, equally significant negative impact of fiscal decentralisation on provincial economic growth of China is indicated by Zhang and Zou (1998; 2001). The key reason accounting for their conclusion or this result of negative impact of fiscal decentralisation was: “the main infrastructural projects with nation-wide externalities, which are too decentralised in China” (Breuss and Eller, 2004: 9). Comparing the study of Lin and Liu (2000) with that of Zhang and Zou (1998 and 2001), it becomes evidently clear that, fiscal decentralisation produces diverse economic growth performances at both the national and local government levels.

Moreover, Davoodi and Zou (1998) find no significant relationship between fiscal decentralisation and growth in developed countries, yet they indicate that for the developing countries fiscal decentralisation has rather a negative effect on growth. Woller and Phillips (1998) also agree with Davoodi and Zou (1998) that there is no significant and robust correlation between the two variables rather in less developed countries. Hence, fiscal decentralisation is conducive for promoting sustainable economic growth and development but the capacity to mobilize more revenue to support it determines its extent of success for different levels of governments.

2.6.4 Challenges of local governments revenue mobilization

Studies show that despite the different arrangements for several sources of revenue to the MMDAs, the sources yield limited revenue due to several factors. A study by the World Bank (2000), for instance, indicates that in developing countries, local governments face numerous challenges in mobilizing enough revenues to carry out their mandates. The Bank, thus, identified among other factors, complex and conflicting legislative provisions; poor implementation strategies and designs towards revenue generation and funding relationships as well as issues about economic efficiency and accountability which determine the magnitude of revenues to be generated in the DAs.

Similarly, studies of three MMDAs in the Northern Region of Ghana by Puopiel and Chimsi, (2015) as well as the study done by Egbenya (2010) indicated that revenue mobilization has currently been performing abysmally. This situation, according to them, is attributable to several factors. These factors include: under-declaring of revenues; poor monitoring and supervision; conflicting mandate, less number of revenue collectors; corruption; Assemblies' poor service delivery; poor compliance by ratepayers; inadequate skills and knowledge on the part of revenue collectors; and political interference (Egbenya, 2010; Puopiel and Chimsi, 2015). These factors have caused the MMDAs to slacken at maximizing revenue mobilization, even though they have huge available resources, thereby making them reliant on the central government in order to fulfil their development obligations. Alifo (1997) cited in Adam (2011) states that, the low revenues of the DAs are attributable to the inability of these districts to enforce the tax evasion regulations. The

obvious reason is that the politicians would like to avoid unpopularity, more especially when elections are approaching.

Inanga and Osei-Wusu (2004) also identified limited legislative, security, judicial and planning powers to the DAs as the cause of low revenue mobilization. These limited powers also extend to revenue mobilization, and this does not enhance effective generation of IGF. Besides, the DAs have unequal mobilization capacity and natural resources. As a result, “certain local governments will find it much easier to raise significant revenue than others because of agglomeration economies and initial endowments of natural resources and infrastructural facilities” (Mohammed, 2014: 13). Akorsu (2015) on the other hand posits that it is the reliance on only traditional means of mobilizing funds that causes low revenue mobilization.

Adu-Gyamfi (2014), whose findings are similar to those of Egbenya (2010) and Puopiel and Chimsi (2015) stated that mobilization of IGF is undermined by such factors as unreliable data, irregular valuation of properties, low tax education, inadequate logistics for revenue collectors, poor enforcement of the Assembly’s bylaws, and low morale of revenue collectors due to low incentives.

2.7 Conclusion

The chapter reviewed the literature of some scholars on decentralisation, revenue mobilization and development. Analysis of the literature shows that the central governments across Africa, as part of their decentralisation policy provided the local governments with revenue instruments for mobilizing IGF to support local development. Upon several revenue instruments given to the MMDAs, they still face challenges generating adequate revenues to fulfil their mandates. Among the reasons for this situation is that the central governments, in practice, retain much controlling powers over the revenues of the DAs, thereby reducing their (DAs) capacities to effectively raise and expend revenue for development.

Although the literature discussed the underpinning issues, little emphasis was put on the correlation between revenue mobilization and development of the DAs. Thus, their work left a gap of the correlation between the two variables (mobilized revenue and development). Scholars emphasized that indeed, the literature has little available quantitative data to allow for enhanced analysis of the relationship between revenue mobilization and development (Bardhan, 2002). This indication further confirms that little emphasis is placed on the relationship between revenue mobilization and development of local government.

The chapter later centered on politics in Ghana, specifically on the relationship between revenue mobilization and development of local government areas as well as the impact of low revenue mobilization on local governments performance. It finally focused on relationship between fiscal decentralisation and growth, and development; and the

challenges of local governments revenue mobilization. As stated, this study is therefore necessary to fill that gap in the literature by finding out whether newly created districts (Kpandai District as a case study) are able to raise sufficient revenue for development as well as contribute in enriching the literature with regards to the impact of revenue mobilization on the development of the newly created DAs.



CHAPTER THREE

THEORETICAL FRAMEWORK OF THE STUDY

3.1 Introduction

One of the aspects of research design is theory application. A theory can be said to be a set of ideas for explaining some phenomena or facts based on observation, experimentation and reasoning. Two separate theories are deployed for this study to help analyze the revenue mobilization of newly created districts and to explain how those revenues are utilized to ensure accelerated development. These models respectively are: The Analytical Framework on Local Revenue Mobilization by Kelly (2000) and the Integrated Rural Development (IRD) model. Since the study is centred on assessing the impact of revenue mobilization on the development of newly created districts, the analytical framework on revenue mobilization by Kelly (2000) could aid in analyzing the revenue mobilization process of the new districts. The Integrated Rural Development Model on the other hand is relevant to this study because it complements Kelly's framework by helping in explaining the variables responsible for local level development of new DAs.

3.2 The Analytical Framework on Local Revenue Mobilization by Roy Kelly

The challenge of many countries across the world is inadequate financial resources to meet their developmental responsibilities. In African countries, for instance, the low level of local revenue mobilization is as a result of local governments' inability to collect the required tax, and this leaves a gap between what they could potentially collect and what they actually

collect (Mascagni et al., 2014). This situation has compelled these countries to divert their attention to sustainable local government reform. The reforms are to enable them mobilize and improve the local own-resource revenue sources (Kelly, 2000). These countries focus on property tax but this source, ironically, is less tapped in the case of Sub-Saharan Africa. Progress in reforming property tax has however, not been encouraging because of numerous problems such as inappropriate property tax policy, lack of trained personnel and synchronization of improved local service delivery with enhanced revenue mobilization (Kelly, 2000).

To find solution to these problems, Kelly (2000) presented an analytical framework of property tax revenue by which he identified four ratios that determine any property tax system and applied it to Kenya. Considering the ratios of this analytical framework and options that Kelly provided for improving each ratio it is relevant for this study and is thus deployed for the analysis of the revenue mobilization systems of the newly created districts (Kpandai District as a case study), since most DAs also rely on taxes for their revenue generation.

Many countries according to Kelly (2000) underutilize property taxes especially African countries. These property taxes or rates (as referred to by some countries, e.g. Kenya) therefore decline in importance and contributes little to the local government revenue and Gross Domestic Product (GDP). Thus, the way to ensure and improve on the buoyancy of these taxes according to Kelly is through improvement of policy decisions and administration.

The government responsible for property tax administration and management, according to (Kelly, 2000: 38) must “ensure that all property is on the tax rolls, that property is valued close to market value, that the tax is assessed accurately, and that revenue is collected and enforced”. Thus, government active participation, he said, is necessary in ensuring that “tax base information and property values are kept up-to-date and that taxes are assessed, billed, collected and enforced” (Kelly, 2000: 38).

Kelly (2000) further states that property tax system involves six major functions each of which is related to four critical ratios:

1. Tax base identification
2. Tax base valuation
3. Tax assessment
4. Tax collection
5. Tax enforcement and
6. Dispute resolution and tax payer service

According to him per the formula below, tax revenue is a function of two variables that are related to policy choices, namely tax base definition and Tax Ratio (TR), and three variables related to administrative action, namely increasing the Coverage Ratio (CR), Valuation Ratio (VR) and Collection Ratio (CLR):

$$\text{Tax revenue} = \text{Tax Base} * \text{TR} * \text{VCR} * \text{VR} * \text{CLR}$$

3.2.1 Definition of the variables of the model by Kelly (2000)

Kelley (2000) defined the above variables as follows:

3.2.1.1 Tax base variable

This is defined by government policy “in terms of what and what is not taxed”. Thus, depending on administrative feasibility and historical precedent, some countries tax both land and building; some others tax only land (for example Jamaica, Kenya and New Zealand) while others rather tax only building (for example Ghana and Tanzania).

The definition brackets of the property tax base include among other things all lands, all buildings or both but some properties given exception such as government property, international organizations and governments as well as the social, religious and educational properties. Machinery and equipment are also taken account of in the property tax base by many countries. For the purpose of this study the researcher will examine the tax base of the newly created Assemblies, KDA to be specific, and find out if they have identified enough tax sources to enhance revenue mobilization.

3.2.1.2 Tax Ratio (TR) variable

It is defined as the “rate struck” of the taxing jurisdiction, measuring the tax amount per value of the property that is to be paid as tax under an ad valorem system or as the tax amount per unit under an area rating system. Tax Ratio is normally determined through the annual budget process. Kelly notes that most countries allow local governments to set property rate, subject to central government’s approval and in some countries government’s

approval is only required when such rates are above maximum level allowed by law. Additionally, Tax Ratios in some countries are applied uniformly (flat rate) while in other countries differential (graduated) Tax Ratio is applied depending on land use or tax base. In the case where differential Tax Ratio is applied coupled with credits, different deductions and exceptions, it affects revenue potential, efficiency, equity and ease of administration of any property tax system. Hence, property tax system (and for that matter tax systems in the new DAs) must, using both fiscal cadastre information and property values apply the legally mandated tax rates, credit guidelines and deductions in order to assess and bill individual tax liability correctly. If this is effectively practiced higher revenue can be expected to be mobilized, 'all things being equal'.

3.2.1.3 The Coverage Ratio (CVR)

This variable is defined as the amount of taxable property captured in the fiscal cadastre divided by total taxable property in a jurisdiction. The Coverage Ratio is determined by the administrative efficiency of identifying and capturing data on all properties by using field surveys or secondary property information or even information provided by the tax payers. The challenge of Coverage Ratio that must be surmounted is ensuring that its basic information (fiscal cadastre) is up-to-date and accurate – the coverage ratio should be kept close to 100% as possible.

3.2.1.4 The Valuation Ratio (VR)

This variable is defined as the value on the valuation rolls divided by the real market value of properties on the valuation roll. It measures accuracy of the level of property valuation. Valuation Ratio level is primarily determined by the frequency of property valuations and by using mass valuation techniques that are simple and cost-effective. Tax systems of the local governments must, thus, determine the tax assessment base that will allocate tax burden among properties and businesses that are available. The key rationale for the assessment is to determine the relative proportion of total tax to be paid by each property or business base. According to Monkam (2010: 6) two different methods are used in assessing property:

- (1) an area-based assessment, where assessment is done on the basis of the size of the property; this system allows for self-assessment; and
- (2) a value-based assessment, which is divided into a capital value-based system (land only, buildings only, land and buildings separately, land and buildings collectively) and an annual rental value-based system.

The latter assessment methodology, he said, in general is a relatively good proxy for the principle of ability-to-pay and reflects the quality of public services (Monkam, 2010).

From Kenya's experience, according to Kelly (2000), it is clear that when shift in relative and absolute market value occurs, the accuracy over a period of time will erode and this creates equity and efficiency distortions. Basically, low Valuation Ratio is due largely to lag in maintaining the rolls.

3.2.1.5 The Collection Ratio (CLR)

This variable is defined as tax revenue collected over total tax liability billed for that year. The Collection Ratio measures the collection efficiency on both current liability and tax arrears. To a large extent, it is determined by political will and the effective use of sanctions, incentives and penalty. Tax collection and enforcement of compliance are the two most important elements of property tax or any tax system. To a large extent, tax collection is generally a problem to many governments. To address the problem, tax payer education must be intensified so as to boost their confidence by creating their awareness regarding how the tax is levied, collected, enforced and used; collection and accounting systems must be rationalized and also enhanced political will must be ensured.

3.2.2 Strengths and weaknesses of the Analytical Framework on Local Revenue

Mobilization

The Analytical Framework on Local Revenue Mobilization by Kelley is important for several reasons. For instance, it is deployed in analyzing revenue performance of governments and making tax reform recommendations. It can also be, and has been deployed as a model for the purpose of this studies to explain revenue issues especially tax systems of the newly created districts. With the aid of this framework as well, solutions to revenue challenges of many governments were found and many projects were carried out successfully. The researcher will try to find similar solutions to revenue challenges in the new districts.

However, the model is limited, as it is mostly used to analyze only property tax system and thus, may not be generally suitable for other tax systems. This framework, as charged by some critics, focuses or emphasizes on projects rather than programs and on efficiency than on the effectiveness.

3.2.3 Justifying the adoption of the Analytical Framework on Local Revenue

Mobilization

The relevance of the analytical framework on revenue mobilization to my study cannot be underestimated. In the first place, the deployment of this framework is informed by the fact that the framework highlights ways by which mobilization of revenue could be maximized, and per the objectives of this study, it will be used to analyze the revenue mobilization process of the newly created districts. Even though the model is specific on property tax, it is modified to suit this study and thus enable the researcher to determine whether the DAs are meeting the criteria set out in the model for effective revenue mobilization. Thus, it will help the researcher to appreciate or determine the revenue performance of the district. As stated above, some aspects of the model will be modified and applied in identifying the challenges the newly created DAs face in the mobilization and deployment of revenue for development. Hence, in reference to the recommendations of Kelly (2000) for a successful tax reform, the revenue mobilization capacity of the newly created districts is assessed in the light of his prescriptions. By implication, to enhance effective revenue mobilization, the districts must, as Kelly (2000: 49) states:

1. Increase the coverage ratio by ensuring that the tax roll information is complete,

2. Increase the valuation ratio by ensuring that valuations of taxable items are up-to-date,
3. Ensure that the tax ratio and related assessment procedures are correctly administered, and
4. Increase the collection ratio by ensuring that the tax liabilities are collected and compliance enforced.

3.3 The Integrated Rural Development Model

3.3.1 Introduction

Several decades ago, development efforts by many countries had increasingly been disappointing. This situation has led to ever widening gap between the rich and the poor, which in turn has worsened the conditions for the poorer population (Mascagni et al., 2014). The fact that rural populations are poorer than their urban counterparts and are the more sufferers of these conditions opened gates for rural-urban migration. The result is that virtually, there will be further increment in the population of the urban societies, leaving them with unexpected socio-economic burdens and high levels of social vices.

Many governments across the world, more especially those of the developing countries, have therefore resorted to putting in place measures and approaches, including poverty reduction and increasing agricultural production as a way forward to addressing the situation. These approaches later failed to yield the envisioned objectives.

Upon the analysis of the effectiveness of the approaches, Kuhnen (1977: 137-138) states that some scholars attributed the failure to the following factors:

- the increase in rate of population,
- the low level of international communication,
- the level of education of the population,
- the non availability of new technologies,
- the value system of the population,

Thus, later research for better alternatives to the failed approaches to dealing with local developmental problems produced the concept of Integrated Rural Development (IRD), which received wide acceptance. Thus, after the Second World War, the IRD concept gained prominence with the World Bank and other donor and development agencies promoting its adoption and implementation.

3.3.2 Definition of Integrated Rural Development

Integrated Rural Development (IRD) is not limited to a single definition. Brinkerhoff (1981: 1) citing LAI (1980) stated that IRD refers to the process by which multiple development services are combined “into a coherent delivery system with the aim of improving the well-being of rural populations”. Better still, for the purpose of this study, the working definition and explanation of the concept provided by Nemes (2005) in his discussion paper titled ‘Integrated Rural Development’ is worth considering.

Nemes (2005: 24) provides an elaborate working definition of ‘Integrated Rural Development’ as follows: “Integrated Rural Development is an ongoing process involving outside intervention and local aspirations; aiming to attain the betterment of groups of people living in rural areas and to sustain and improve rural values; through the redistribution of central resources, reducing comparative disadvantages for competition and finding new ways to reinforce and utilize rural resources”. He notes that “it is integrated in the sense that - as opposed to central development - it is controlled and managed locally; but – opposed to local development – besides local resources it also leans on the professional and financial support of the centre” (Nemes, 2005: 24). Thus, the IRD aims at identifying how the centre can help local development as well as the utilization of rural resources for the benefit of rural areas and at the same time sustaining rural values for the future. The IRD systems therefore have to do with particular setups of central and local institutions (for example: administration, knowledge, information and decision making systems, social networks), working in coherence and thus, able to realize the ideas of Integrated Rural Development theory (Nemes, 2005).

3.3.3 The basic assumptions of Integrated Rural Development

The Integrated Rural Development Model has several assumptions some of which are highlighted below:

1. Rural development is a component of the overall socio-economic development; Limited access to resources is a primary cause of poverty. This limitation could be as a result of imbalance between available resources and population.

2. Development is a system involving interrelated social change;

Development is a process that results from the combination of a number of elements. Such elements, as well as their components, are systemically integrated in a way that the elements are closely interrelated. A change in one element will result in the change of the whole system. The elements include:

- goals based on existing values,
- resources, natural as well as human,
- available technology,
- forms of socio-political organization.

3. Agriculture has multitude functions in the process of development.

Agriculture has important functions within the system of elements that are interrelated, in the development process. Its basic function is the production of both food and raw materials purposely for consumption by the population and for the infant industry respectively. Since the study area is an agrarian habitation and about 90% of the population is into agriculture, it is to be expected that majority of the population will participate in the development process. Thus, the IRD suggest that development process kicks start with increase in productivity of agriculture. To enhance such increment in agricultural productivity, new or improved agricultural technologies must be adopted and implemented appropriately. Better still; Nemes (2005: 15) quoted Molle and Cappellin (1988: 7) as stating that “the development of the local economy depends on its capacity to transfer its resources from old activities to new ones, notably by mastering new production technologies”. Invariably, the

commitment of the local masses to actively participate in these development processes is what leads to the achievement of the holistic development.

4. Agricultural development is one aspect of rural development.

Per the functions of agriculture in the process of development of local areas, other sectors must be simultaneously developed with agriculture for real agricultural development to take place. In other words, such rural sectors as the industry, services, and other non-agricultural ones must develop alongside agriculture for there to be a holistic rural development. For example, agricultural development in rural areas will progress with development of other non-agricultural sectors such as administration, extension services, market, credit and communication at village and regional levels.

3.3.4 The characteristics of Integrated Rural Development (IRD)

The projects of IRD aim at promoting the well-being of the local people. The characteristics according to Cohen (1979) cited in Brinkerhoff (1981) include the following:

1. It is focused on particular geographic areas;
2. It is mainly concerned with the coordination of public goods and services;
3. It is multi-sectoral, though emphasizing agricultural production.

By implication, the model emphasizes the local ownership of and control through participation in, all the processes of development with emphasis on agricultural production.

3.3.5 Strengths and Weaknesses of the Integrated Rural Development Model

The Integrated Rural Development Model is important, in that it makes for cost effectiveness as a result of identification of networks between different sectors and comparative advantage; it promotes popular participation particularly in a bottom-up approach; it also allows fast adaptation to the conditions in local areas; it strengthens local institutions and encourages self-sustained growth, among others.

On the other hand, IRD programs are complex, requiring inputs from several agencies, departments and organizations. It is therefore, highly costly especially regarding national budget, and consequently requiring an expenditure that is over and above in order to develop a specific area. The high cost involved makes many people to over expect performance from IRD programs. Scudder (1981a) cited in Brinkerhoff (1981: 6) notes that during the early years of implementation, there is likely too high performance expectations for IRD projects and too low during the latter years.

3.3.6 Justifying the Deployment of the Integrated Rural Development Model

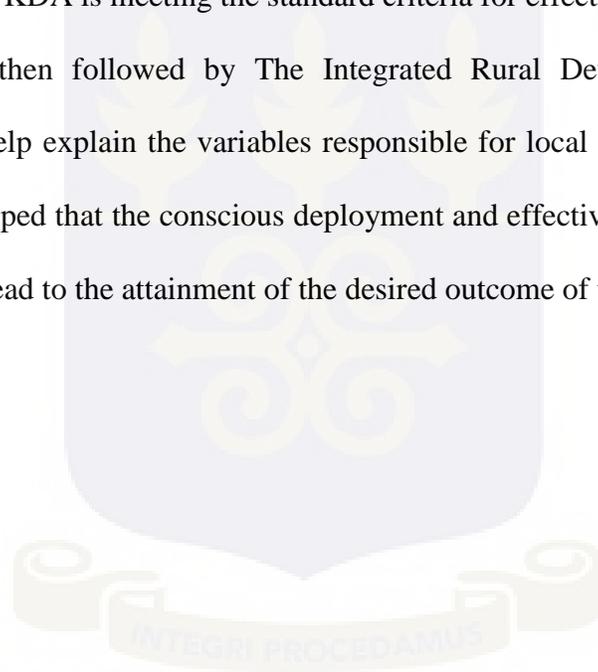
The IRD model usually has to do with the integration of such local economic sectors as agriculture, industry, services as well as the disadvantaged social groupings (e.g. elders, women and minority groups). The study aims at assessing the various developmental sectors of the KDA and how they impact on achieving a holistic development. Per the variables identified by Nemes (2005: 11) that support local economic capacities, which in turn lead to development, the development at the newly created districts will be highlighted using some of these variables as basis. The variables will help in determining whether or not the

newly created DAs are developing as expected, especially given the rate at which they mobilize their IGF and the readiness of the local people to actively participate in the development process. The basic assumptions will serve as guidelines during the analysis.

It may be argued that the theoretical framework on revenue mobilization alone could be deployed for this study without the need to complement it with the IRD model. This argument could be based on the idea that if the newly created districts have finance or are able to mobilize enough revenue, they could use such funds to provide services, infrastructure and thus, develop. However, a case underpinning the deployment of the IRD model is that, it is one thing having the money or finance and another thing using it well to achieve the desired outcome of development. For instance, it is possible that a young district with less experience may not allocate its revenue efficiently in the various sectors of economy and will thus, fail to achieve accelerated development. The IRD model, which emphasizes that the local sectors of economy should be integrated and reinforced to achieve the needed outcome, is vital in guiding local governments, especially the newly created ones, in their development process. Thus, the IRD model is required in this study to assess the development efforts of the newly created districts, hence its deployment.

3.4 Conclusion

The chapter examined the Analytical Framework on Local Revenue Mobilization by Kelly (2000) as well as the Integrated Rural Development (IRD) model. The two models were appropriately deployed to guide the study on the process of revenue mobilization and how the revenue so mobilized was used to ensure the attainment of development by the newly created District Assemblies in Ghana. The analytical framework on revenue mobilization, as explained above, aids in analyzing the revenue mobilization process of the KDA – whether or not the KDA is meeting the standard criteria for effective revenue mobilization. The model was then followed by The Integrated Rural Development Model (as a complement) to help explain the variables responsible for local level development of the KDA. It is thus hoped that the conscious deployment and effective use of these theoretical frameworks will lead to the attainment of the desired outcome of the study.



CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

This chapter deals with the methodology of the study. Methodology refers to the scientific or rigorous tools and/or procedures that are employed to thoroughly investigate phenomena or a state of affairs and come out with results that are true or can be used to explain the problem or phenomena being studied. This research work is intended to establish the relationship between revenue mobilization and development of the newly created districts in Ghana. Three methods of data collection were used in the study. The researcher conducted in-depth interviews, administered questionnaires and reviewed relevant documents to this study. The main issues discussed in this chapter include research design, sampling, data collection instruments and data analysis. The primary data was collected from a random sample of the population of the Kpandai District, and this is complemented by secondary data. Different techniques were used in the data collection process and tools such as Statistical Package for Social Sciences (SPSS) and content analysis were used to analyze the data collected.

4.2 Research Design

In this study, a case study design was employed - a case study of a selected district (Kpandai District). A case study is “an empirical inquiry that investigates a contemporary phenomenon in-depth and within its life context” (Yin, 2009: 18). Kumekpor (2002) stated

that the case study method is “a method of critical and careful inquiry and examination seeking the facts of a case, problem or an issue and following events from beginning through to the end”. Thus, the case study in simple terms includes the techniques and procedures for investigation based on administration of questionnaire and the interviews conducted.

The case study of the Kpandai District is done to obtain an in-depth knowledge of the prospects and challenges of new local governments in accelerating the pace of development. Such in-depth knowledge cannot be obtained with a general study of the country or with many cases.

The choice of KDA is based on the fact that the time and resources available for this study is too limited in scope to allow for the general study of all the newly created districts defined in this study. Similarly, as a newly created district with insufficient administrative structures in place, inadequate available revenue as well as less experience in both revenue mobilization and allocation, it interests the researcher to find out how this very district is able to thrive within these complex and challenging circumstances. Additionally, the selection of the Kpandai District for the study is informed by its proximity to the researcher, who has easy access to data from the district.

Although, and certainly, the main limitation of the study is that its findings cannot be applied to generalize the larger populations and employed to different social and political settings (Mohammed, 2010). Most studies are interested not only with the effect of one variable on another in a particular setting investigated but also with its effect in other natural settings

and on larger populations. Nevertheless, the tradeoff of these limitations is that there is in-depth analysis of the case. The advantage of this in-depth analysis is that it is good for the development of what Diesing (1971: 196) refers to as typological theory and what George (1979: 59) describes as 'rich differentiated theory', which in contrast to a general explanatory, is cast in the form of contingent generalizations and has the capability for more discriminatory explanations (George et al., 1971: 511).

4.3 Research Population

Because of resources and time constraints, a sample size of 177 respondents (males and females) was selected for this research (administration of questionnaires, and elite interviews). Thus, out of the sample size, seven top officials of the KDA were purposefully selected for in-depth interview because of their official roles and expert knowledge relating to revenue mobilization and development policy design and implementation. These respondents included the District Planning Officer (DPO), Deputy District Coordinating Director (DCD), the Former Presiding Member (FPM), the current Presiding Member (CPM), the Human Resource Manager (HRM), the District Budget Officer (DBO) and a Senior Revenue Collector (SRC). Unfortunately, the District Chief Executive (DCE) who should have been part of the interviewees was inaccessible. The DCE was not available for the interviews because of his busy schedules and movements, following the political party campaign programs and meetings in the run up to the 2016 general elections.

Nevertheless, the inability to solicit his views has not in any way compromised the validity of the study. This is because the views of the other officials are insightful since they not

only initiate and advice on policy but also implement policies. Moreover, their expertise and experience in policy and development matters are invaluable.

The rest of the 170 respondents were sampled by means of stratified method, consisting of 20 persons being randomly selected from each of the seven electoral areas of the district. The rationale for the use of this method of selection is that it ensures fairness, because all the members within the sampling frame were considered and had equal chances of being selected and as well, there was equal number of representation for the electoral areas.

Additionally, 30 workers of the KDA were also randomly selected by means of a stratified method from different departments or fields of specialization. They, inter alia, included some managers of the Assembly, the Assembly Members, the Revenue Collectors and Unit Committee Members. The stratified method was used purposely to obtain diverse views of the workers from different sectors of the Assembly. Also, the workers were sampled by using Convenience Sampling Method. This method was used because of easy accessibility of some of the workers, since others were not readily available because of their regular movements (including official responsibilities) to and fro the district, making it difficult to get them to complete the questionnaires.

Nevertheless, to ensure that the required number of the completed questionnaires was obtained, 210 copies of the questionnaire were printed so that the researcher could easily replace the questionnaires that would be lost in the process of data collection. This worked

perfectly, since the researcher was finally able to get the required number of the answered questionnaires despite his inability to retrieve some of them.

4.4 Sampling and Sampling Techniques

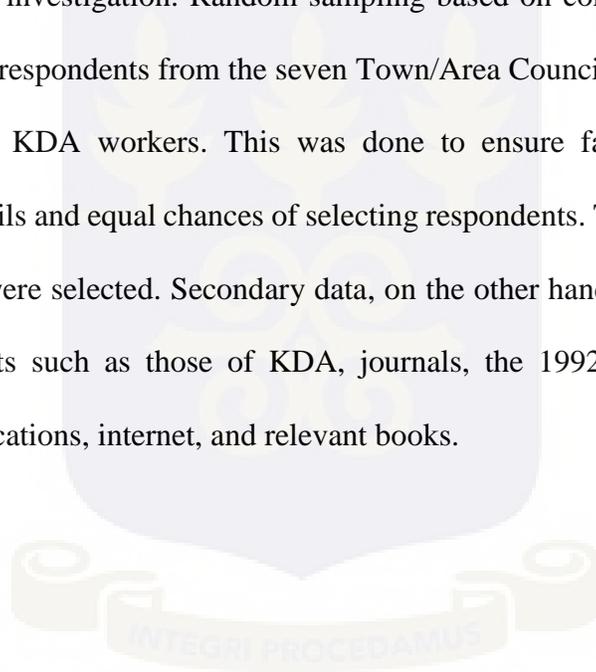
The researcher employed two sampling techniques to select the respondents for the study. These are: the simple random technique and purposive sampling. Regarding the simple random sampling, the researcher randomly sampled the population of respondents from the seven electoral areas in the District. Thus, as stated earlier, twenty (20) respondents were selected by simple random technique from each electoral area. This was done to ensure fair representation of all the electoral areas, since they are the areas that cooperate in the revenue generation efforts as well as need to participate in, and feel the impact of, development. For the non-random sampling or purposive sampling technique, officials of the District Assembly such as the DDCD, DPO, HRM, SRC, DBO and the Former and current Presiding Members were selected for the study. These officials have the requisite information about the issues that underpin this study.

4.5 Data Analysis Tools

The primary data that was collected during the study was analyzed using the SPSS software. Secondary data was analyzed using content analysis, which helped support or refute arguments that were raised, and conclusions that were reached by the different categories of people.

4.6 Conclusion`

The researcher employed both primary and secondary data for the study. For the primary data, the information was gathered by means of questionnaires and elite interviews. The interviews were conducted with high ranking officials of the KDA. Thirty other officials of the KDA completed questionnaire to complement the information of the senior officials. Purposive and random sampling techniques were used in collecting the data. Purposive sampling was used to select the top officials because of their expert knowledge in relation to the topic under investigation. Random sampling based on convenience was, however, used to select 140 respondents from the seven Town/Area Councils in the district (20 from each) and the 30 KDA workers. This was done to ensure fair representation of the Town/Area Councils and equal chances of selecting respondents. Thus, a population size of 177 respondents were selected. Secondary data, on the other hand, was collected from the relevant documents such as those of KDA, journals, the 1992 Constitution of Ghana, newspapers, publications, internet, and relevant books.



CHAPTER FIVE

DECENTRALISATION, LOCAL GOVERNMENT SYSTEM IN GHANA AND THE PROFILE OF THE CASE STUDY DISTRICT

5.1 Background

The local government system in Ghana began during the colonial era. With the passage of time, it went through several modifications and reforms including increasing the number of local governments by the colonial masters. In the colonial era, it started with the creation of 355 native authorities superintended by the chiefs, as implementers of the British policies. Then, the Municipal Ordinance of 1859 later established municipalities in the coastal towns of the Gold Coast (Berry, 1994; Adu-Gyamfi, 2014). A new ordinance in 1943 later on established Town Councils based on 'elective principle' for Accra, Cape Coast, Kumasi and Sekondi-Takoradi. The Municipal Councils Ordinance, in 1953, was also later on passed. Shortly after the Independence Constitution was promulgated, the Local Government Act in 1961, Act 54, was passed, which divided the country into cities, Municipal and Local Area Councils (Ahwoi, 2010: 3; Adu-Gyamfi, 2014). All these legislations ensured modifications and reforms as well as distinction between the central and the local government institutions (Adu-Gyamfi, 2014).

Moreover, after the passage of Local Government Act in 1961, Act 54, following the inadequacies inherent in the Ghanaian local government system, reform became necessary. Thus, this paved the way for passing the Local Administration Act in 1971, Act 359, which

decongested the Prime Minister's appointive powers to the Chief Executives at the Regional levels, empowering them to head the Regional Councils (Ahwoi, 2010). In 1974 however, there was an amendment to the 1971 Act. This amendment created a four-tier structure of Local Government. This structure comprised the Regional Councils, District Councils, Area, Municipal, Urban and Local Councils, and then Town or Village Development Committees (Ahwoi, 2012). Thus, the districts were 58 while the Municipal, Area, Urban and Local Councils were 273.

Similarly, under the Third Republic, as a result of the requirements contained in chapter 20 of the 1979 constitution, the 1974 Act was also amended in 1980. This amendment replaced part one of Act 359 of 1971 and also redefined various Local Government units' memberships, restored operational spaces for traditional authorities and reintroduced the appointive powers, but now vested in "the President of the Republic of Ghana as well as two representations from the Regional Houses of Chiefs in the Regional Councils" (Friedrich-Ebert-Stiftung, 2010: 15).

For the effective functioning and development of the local areas, various governments, likewise, continued to make changes to the local government system. Thus, a comprehensive decentralisation program was introduced in Ghana in 1988 through the passage of the Provisional National Defense Council Law 207 (PNDC Law 207). The PNDC Law 207 therefore saw to the re-demarcation of the country, leading to the shooting up of the MMDAs from 65 to 110 and subsequent holding of the first local level elections in 1989 under the new decentralization (Friedrich-Ebert-Stiftung, 2010).

Interestingly, from this time onwards, the various governments of Ghana have improved on the decentralisation project through reforms. All the efforts that these governments have been putting in the process of decentralisation are intended to benefit the citizenry. Ayee (1997) advised that what is essential in the process of decentralisation is for the implementers to have conscious planning with the belief that decentralisation needs ample time to yield positive outcomes.

Currently, the structure of the local government system in Ghana is a four-tier system comprising Regional Assemblies, Metropolitan/Municipal/District Assemblies (MMDAs), Town and Area Councils and Unit Committees. MMDAs are established in fulfilment of government's decentralisation policies. Over the years since 1980s, and also the beginning of the Fourth Republic of Ghana, the various governments, as stated earlier, have created new local government areas popularly known as District Assemblies (DAs). They are to provide essential services in their jurisdictions and help promote accelerated development. As stated above, these DAs were purposefully increased in number, from 65 to 110 in 1988, from 110 to 138 in 2006, then from 138 to 170 in 2008 and then to 216 in 2012 (Mahama, 2009; Friedrich-Ebert-Stiftung, 2010; Adu-Gyamfi, 2014). The recently created ones under the Kufuor and Mills administrations in 2007 and 2012 respectively are those that are herein referred to as the newly created districts. This chapter highlights the structure of the local government systems in Ghana, the profile of Kpandai district (where this study was conducted) and the sources of revenue to these local governments.

5.2 The Structure of Ghana's Local Government System

As stated earlier, the structure of Ghana's local government system could be described as four-tier, which comprehensively consists of the Regional Coordinating Councils, the MMDAs, the Town/Area Councils and Unit Committees. The Regional Coordinating Councils across the country are ten in number and constitute the highest level of local governance. These Councils have oversight responsibility over the MMDAs under their respective jurisdictions. The corresponding populations of people associated with the MMDAs are in these proportions: Metropolitan Assemblies consist of over 250,000, Municipal Assemblies over 95,000 and District Assemblies have over 75,000 people. Currently, there are 216 MMDAs, which comprise six (6) Metropolitan; 49 Municipal and 161 District Assemblies.

A district Assembly, according to the Local Government Act 462 of 1993, consists of the following members:

- The District Chief Executive,
- Two-third of the members directly elected by universal adult suffrage,
- The Members of Parliament (MPs) representing constituencies within the district,
- Not less than 30% of the members appointed by the President in consultation with traditional authorities and interest groups in the district.

Basically, Section 10 of the Local Government Act of 1993, Act 462, states that a District Assembly “shall exercise political and administrative authority in the district, provide guidance, give direction to, and supervise the other administrative authorities in the district” (Local Government Act, 1993). It thus, summarised the functions of a District Assembly as deliberative, legislative, executive, responsible for overall development of the district and under sections 11 and 12 approval of budget, planning among other functions.

Essentially, the structural arrangements are meant to decongest authority, resources and responsibility from the central government to the sub-governmental units for specified purposes. Thus, the local governments benefit from the central government, such authorities as political, administrative and financial for their overall development. However, ceding these authorities to incapable local governments impedes development (Smoke, 2003).

THE PROFILE OF KPANDAI DISTRICT

5.3 Introduction

Kpandai District Assembly (KDA), in the Northern Region of the Republic of Ghana is one of the newly created districts. It was carved out of the East Gonja District in the Northern Region in 2007 by Legislative Instrument (LI) 1845 and was formally inaugurated on March 12th, 2008. It is one of the twenty-six (26) political and administrative districts in the Northern Region (Ghana Statistical Service, 2014).

5.3.1 Location of the district

Kpandai District is located between latitudes 8°N and 9.29°N and longitudes 0.29° E and 1.26° W of the Greenwich Meridian in the eastern corner of the Northern Region. It shares boundaries with East Gonja and Nanumba South Districts in the Northern Region and Krachi West and Nkwanta North Districts in the Volta Region (see Figure 5.1). Kpandai District is geographically conducive and that allows for agricultural practices. It has water covering of about 5% of its total land space.

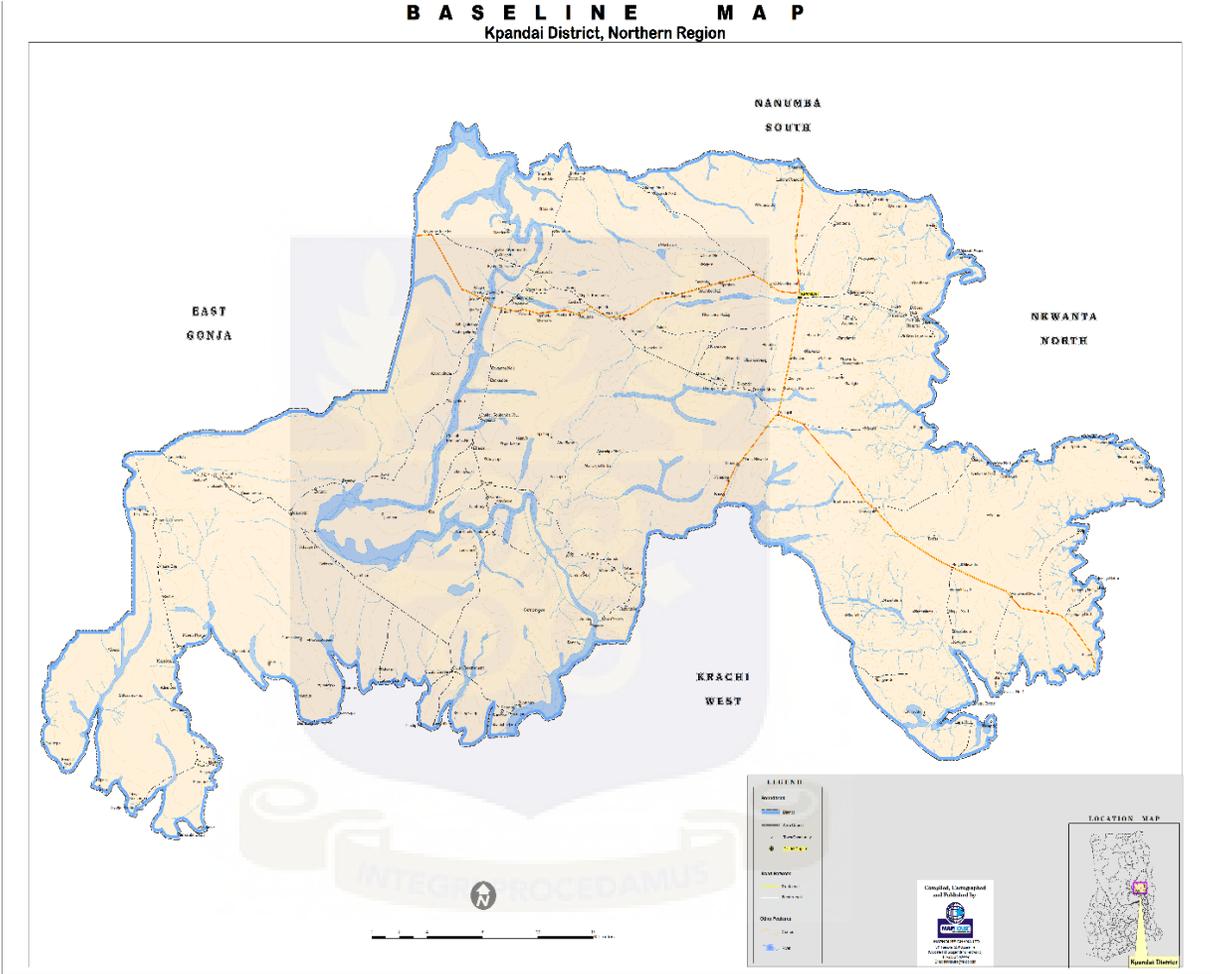
5.3.2 Geography and population of the district

Kpandai District is estimated to occupy a landmass of one thousand seven hundred and seventy-two square kilometers (1,772 sq. Km). Kpandai district is 137km away from the Northern Regional capital (Tamale) and 325 km away from Accra, the national capital. It is primarily an agricultural hub of the northern part of Ghana. Thus, its land cover is originally guinea savannah with dense forest. Major trees making up the forest include shea-nut trees, palm trees, mango trees, dawadawa trees, tick trees and acacia trees. Mangroves also complement the wild forest to sustain the good agricultural practices and human activities within and without the district.

Regarding human residents, Kpandai District has a total population of 108,816, according to the Ghana Statistical Service ((GSS), 2014). This represents 4.4% of the total population of the Northern Region. The percentage of males and females are 49.5 against 50.5 respectively. The district has a brighter future, since a large percentage of the population is youthful. About nine out of every ten inhabitants of the district live in local communities. It

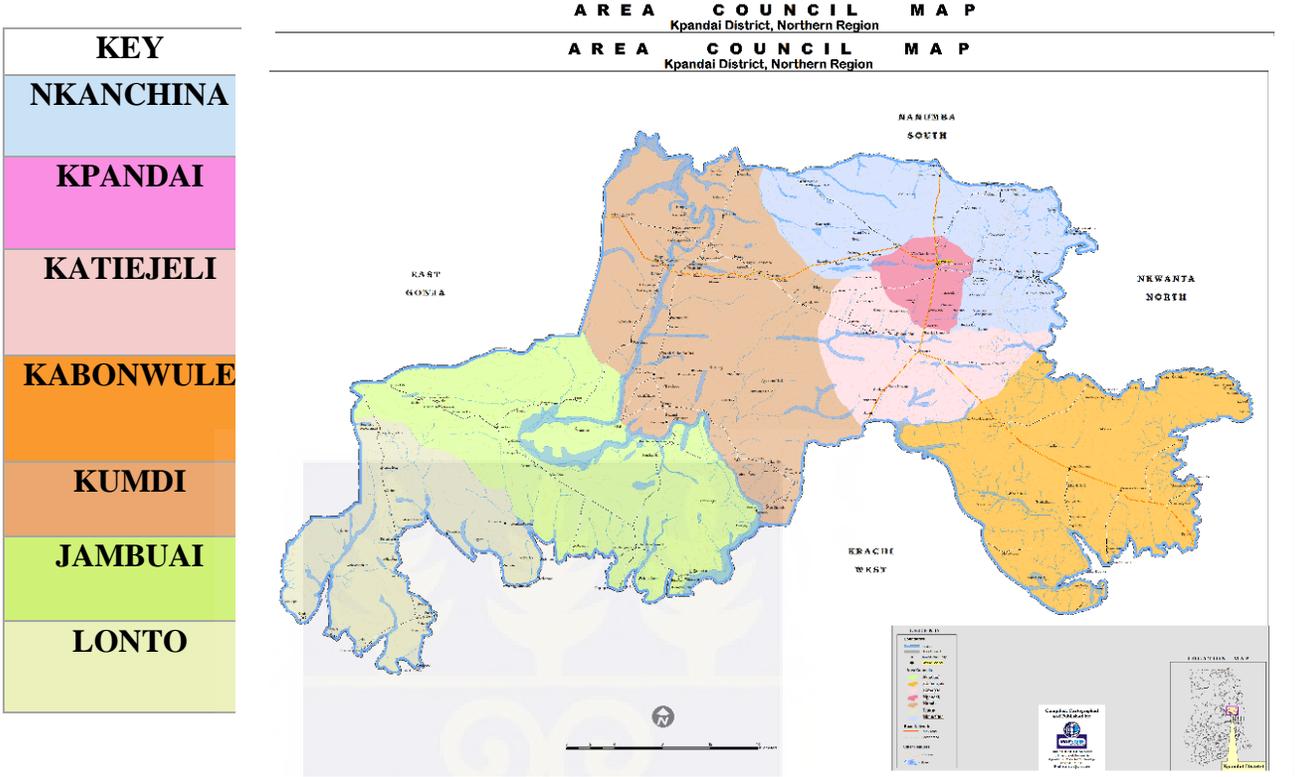
is a multi-ethnic area inhabited by not less than nine different ethnic groupings with diverse cultures. The map of the Kpandai District Assembly is displayed below.

Figure 5.1 Map of the Kpandai District Assembly



Source: Kpandai District Planning Officer, 2016.

Figure 5.2 Map of Town/Area Councils of the Kpandai District Assembly



Source: Kpandai District Planning Officer, 2016.

5.3.3 Crop production in the district

Kpandai district relies on food production for its livelihood. Close to 90% of the households is into agricultural activities, 96% of which specialize in production of various crops. Interestingly, even some of those who have white colour jobs make use of their idle time in cultivating one crop or the other. Four percent (4%) of the population is made up of fishermen, poultry and livestock farmers (GSS, 2014). Unfortunately, agricultural activities are not fully mechanized and as such the farmers use crude or simple tools, which is a disincentive for large scale production. Due to the lack of irrigation facilities, the abundant

irrigation sources in the district are yet to be utilized. The main crops that are cultivated within the district include yam, maize, cassava, groundnuts, oil palm, millet, fruits and vegetables. The district boasts of being one of the leading yam producers in the country. It also has the potential to undertake bee farming as well as the cultivation of rice and plantain on large scales.

5.3.4 Mission of the district

The Kpandai District Assembly exists to improve the livelihood of the people through the provision of socio-economic infrastructure in an equitable and just manner (Ghana Statistical Service (GSS), 2014).

5.3.5 Vision of the district

A district which will be one of the best in the country where there is development in peace, unity and indeed adequate provision of security for all (GSS, 2014).

5.3.6 District administration

The administrative capital of Kpandai District is Kpandai. For effective administration, it has one (1) Town Council, six (6) Area Councils, sixty-two (62) Unit Committees and several dozens of communities. KDA has one constituency and twenty-seven (27) Electoral Areas. It also has two (2) Police Stations to enhance security and maintenance of law and order.

The total membership of the set-up of KDA is forty-one (41) with the following breakdown:

- a. The District Chief Executive (DCE);
- b. Member of Parliament (MP);
- c. Twenty-seven (27) Elected Assembly Members;
- d. Twelve (12) appointed Assembly Members (GSS, 2014).

5.4 Sources of Revenue to Local Governments

Various governments across the globe have different sources from which they generate revenue to finance their budgets. Generally, it is globally known fact that levying taxes is profound means of funding operations of governments. According to Bahl and Bird (2008), Local Government Authorities (LGAs) in Africa have two main types of modern revenue and they are: (1) own revenue which consists of taxes, various licenses and user fees, and (2) central or regional levels transfers. In Ghana, the Local Government Act, 1993, Act 462, and the 1992 Constitution under Articles 245 and 252 provide for revenue mobilization by the District Assemblies from different sources to enhance the performance of the responsibilities assigned to them. Generally, these revenues sources could be classified as: The District Assemblies Common Fund, grant-in-aid, ceded revenue, and the IGF.

In line with the provisions of the Local Government Act, 1993, Act 462 and according to Adu-Gyamfi (2014), five revenue sources were presented to District Assemblies by the decentralisation policy and they are DACF, IGF, ceded revenue, loans and permits. According to Adu-Gyamfi (2014) the DACF provides the constitutionally sanctioned

minimum share from government revenue (representing 7%), as the primary source and will be discussed later.

Now among the sources presented to the Assemblies, the IGF has several sources. According to Edogbanya et al. (2013: 19), the internally generated revenue sources are grouped under the following headings:

Market Sources:

- Market stall fees
- Shop charges
- Hawking fees
- Motor parks charges

Social Sources:

- Registration of social organization
- Street naming registration fees
- Entertainment permit fees such as night and day parties.

Health Sources:

- Birth and death registration fees
- Dispensary and Maternity fees
- Burial fees
- Toilet fees
- Slaughter fees

Economic Sources:

- Traders' fees
- General Contractor registration fees
- Trade license fees
- Hotel registration fees
- Business Centre registration fees
- Bakery house fees
- Head tax
- Cattle tax
- Advertisement permit fees
- Restaurant registration fees
- Association registration fees
- Survey fees
- Barbering Salon license fees.

Adu-Gyamfi's (2014) classification is related to the sub governmental units of countries with small jurisdictional areas or unitary systems, especially in Ghana where the efficiencies of revenue sources are limited. In the case of KDA, the revenue grouping by Edogbanya et al. (2013: 19) are not fully utilizes or exploited, for instance, market and economic sources and severally covered but with respect to social and health sources, only birth and dearth registration can consciously be thought of as sources of revenue. Literature has pointed out that mobilizing IGF by most MMDAs has become a difficult job thereby limiting the

capacity of such MMDAs to fulfil their mandates. This phenomenon has been echoed times without number that the attention of scholars and administrators is drawn to the subject in recent times. This study is thus conducted to determine the impact of revenue mobilization on the development of the newly created DAs.

Besides these IGF sources, other sources are external financial contributions to the District Assemblies and they include the DACF, DDF, Donor Support, Urban Development Grant and Borrowing. In the view of Mogues and Benin (2011) these external financial contributions or intergovernmental transfers rather discourages internal revenue mobilization instead of boosting it. Although these transfers are incentive to local governments, mechanisms must be put in place to mitigate the negative impacts that they come with. The DACF, DDF and Urban Development Grant were discussed in chapter two.

5.4.1 Donor support

A great number of DAs get support from development partners such as German Technical Corporation (GTZ) and Danish International Development Agency (DANIDA) to implement certain projects in their areas (Adu-Gyamfi, 2014). DANIDA for example, provides sanitation facilities and water to some communities in DAs of the Greater Accra Region. The effects of such donations however is that, the donors, especially giant countries will have the opportunity to promote their own interests. Currently, at the local levels, social action funds and constituency development funds operating without the local government budgets form the crucial funding sources of economic and social development projects in

some countries particularly in Tanzania, Malawi, Uganda, Kenya, and Ghana (Baskin, 2010).

Ahmad (2010: 27) also states that “Bilateral donors tend to replicate the context of their home countries”. According to Mogues and Benin (2011) such donor agencies set parameters that guide the use of such funds by the DAs – this limits the District Assemblies’ discretionary powers or the principle of autonomy over this revenue source.

According to Bardhan (2002) donor financings usually take the form of general budget support for financing specified sectoral programs as in the case of Uganda. He explained further that where the development finance is given as project aid, it is either channeled directly to the local government or directly to the community concerned, neglecting the local government system. However, this trend of affairs, has weakened community-local government linkage, complicated the problem of coordination and monitoring of local system of development and undermined local government’s institutional growth (Bardhan, 2002).

The District Assemblies could however, capitalize on the prevailing environment to relate well with these donors or Non-Governmental Organizations (NGOs) to their advantage. Chinsinga (2007: 97) states that the advent of democratic local governments has “created a challenging operating environment in which the success of NGOs depends very much on how they manage their external relationships with government, the private sector, other NGOs and with target communities”. Currently, constituency development funds and social

action funds operating outside the local government budgets are essential funding sources of social and economic development projects at the local levels in some countries especially in Ghana, Malawi, Kenya, Uganda and Tanzania (Baskin, 2010 cited in Acheampong, 2015: 11).

5.4.2 Borrowing

Borrowing has also been used as an alternative instrument for bridging the financial gap between the budget or revenue assignment and expenditure of the local governments. MMDAs in some countries are given the right to borrow in order to finance investments in local capital infrastructure (Yatta and Vaillancourt, 2010). While the central government in Ghana has flexible ways of raising revenue, the local government bodies suffer restrictions in their efforts to access resources as they need approval of the central government to borrow and also to tax (UN, 1962: 162). Ghana's Local Government Act 1993, Act 462 permitted the Assemblies to borrow, but at a limited amount for specified types of spending. The Act empowers the MMDAs to raise loans or obtain overdrafts of given amounts subject to the approval of the Minister of Local Government in consultation with the Finance Minister. However, approval is not required only when the loan or overdraft to be raised is less than ₵2,000.00 and does not require the Central Government's guarantee.

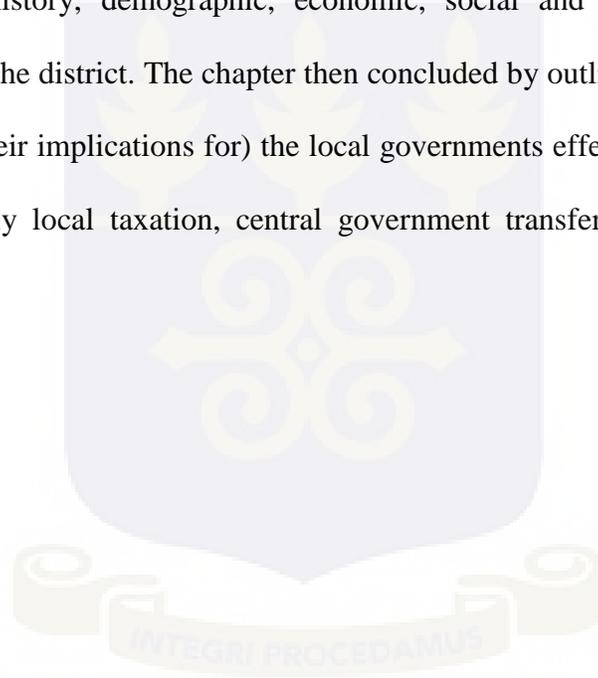
Borrowing is generally not appropriate for recurrent spending. It is however suitable for such local spending as long-term projects related to capital development (Asare, 2015). Currently some bills are still with the Parliament going through the law-making process and others, such as the municipal financing bill are awaiting revision or amendment to grant the

Assemblies the leeway to access the capital market for any reasonable borrowing. Thus, until such legal processes are completed, the Assemblies will still be limited in their capacity to borrow huge amounts for their use.

Local governments in Ghana however have control or fiscal autonomy more rooted in theory or legal codes than in practice. It is argued that local governments are tied to the control and restrictions of the central government. But whether or not these local governments will be fully autonomous in practice is a function of their capacity to effectively and efficiently mobilize own revenue and compel local development respectively. In the words of Mogues and Benin (2011: 1054) fiscal autonomy of the local governments is “intimately tied to their ability to generate own resources”. Fiscal autonomy herein refers to the capacity of the DAs to finance their expenditure responsibilities from their own revenue. This implies ceding revenue mobilization authority without expenditure authority “may not at all achieve any of the positive effects desired”, such as effective and efficient services delivery (Federal, 2008). The two are required to heighten the independence and reduces the financial imbalances of the DAs.

5.5 Conclusion

This chapter focused on decentralisation, structure of local government system in Ghana, the profile of the case study district and the revenue sources of the local governments. The chapter began with the historical background of decentralisation in Ghana. The history started from the colonial era through the post-independence era till the present time. Next, the structure of Ghana's local government system, which could be described as four-tier, was discussed in detail. The chapter then looks at the profile of the Kpandai district. It highlighted the history, demographic, economic, social and political aspects of the administration of the district. The chapter then concluded by outlining the general revenue sources of (and their implications for) the local governments effectiveness. These revenue sources are mainly local taxation, central government transfers, borrowing and donor support.



CHAPTER SIX

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

(Revenue Effort and Development of the Kpandai District Assembly)

6.1 Introduction

This chapter presents analysis and discussion of the data collected for the study from questionnaires, structured interviews, and secondary information. The main revenue sources, their components and the district's efforts in the revenue mobilization process were analyzed. Similarly, the expenditure patterns and their effect on development in the district were also analyzed. Attempts were made to establish the relationships between variables of investigation through the use of the research instruments. The data analysis was done under major headings and subheadings.

6.2 Demographics of the Respondents

Table 6.1 The Gender of the Respondents

Response	Frequency	Percentage (%)
Gender		
Male	107	62.9
Female	63	37.1
Total	170	100

Source: Fieldwork, 2016

6.2.1 Gender of the respondents

Table 6.1 above outlines the gender of the respondents, which shows that out of the 170 respondents, approximately 63% of them are male and 37% are female. This indicates that more men than women responded to the questionnaires. The reason for the great disparity in the ratio of the male to female respondents is informed by the fact that, even though equal chances of being selected were given to both gender, more responses from the male and few from the female were retrieved by the researcher. This gender imbalance has impact on the representativeness of evidences in terms of their (gender) responses in relation to gender sensitive issues. Nonetheless, this does not undermine the validity of those evidences. These respondents have different ages, marital status and educational levels.

Table 6.2 Age Distribution of the Respondents

Response	Frequency	Percentage (%)
Age		
18-30	85	50.0
31-45	63	37.1
46-60	13	7.6
61 and above	9	5.3
Total	170	100.0

Source: Fieldwork, 2016

6.2.2 Age of the respondents

The age distribution of the respondents is presented in the above table. The researcher chose a minimum age of 18 for the respondents in order to obtain sound information, since persons under 18 years may not be able to provide well informed responses to the questionnaires. Thus, out of the total of 170 respondents, half of them were between 18 and 30 years; 63 of

the respondents representing 37% were between 31 and 45 years, about 8% were between 46 and 60 years and about 5% were 61 and above. This shows that majority of the respondents are youthful persons and perhaps active participants in the district's activities.

Table 6.3 Marital Status of the Respondents

Response	Frequency	Percentage (%)
Marital status		
Single	80	47.0
Married	83	48.8
Divorced	4	2.4
Widowed	3	1.8
Total	170	100.0

Source: Fieldwork, 2016

6.2.3 Marital status of the respondents

The table 6.3 above shows the marital status of respondents: about 49% were married while 47% were single. This implies that almost equal proportions of the married and unmarried persons in the district participated in the study. The rest of the categories, that is the divorced and widowed together constituted just 4%. Their marital status can influence their behavior, as the married ones may have more responsibilities than the singles.

Table 6.4 Educational Background of the Respondents

Response	Frequency	Percentage (%)
Educational background		
Nil	15	8.8
Basic Education	16	9.4
Secondary Education	51	30.0
Tertiary Education	88	51.8
Total	170	100.0

Source: Fieldwork, 2016

6.2.4 Respondents' educational background

From table 6.4 above, over half of the respondents (52%) have obtained tertiary education. The reason for obtaining this high number of respondents is not because the majority of the people in district are highly educated but rather many of those who submitted their answered questionnaires are within the category of tertiary education. Based on their educational background, it is hoped that they will furnish the study with in-depth information. For the rest of the levels, the respondents are fewer: 30% secondary level and about 9% each for those with basic education and those who have not acquired formal education respectively. These responses show that the more educated the people of the district are, the more confident, committed and willing to answer the research questions. The respondents' levels of education have influence on their perceptions and interest in participating in the activities of the district.

Table 6.5 The Occupational Characteristics of Respondents

Response	Frequency	Percentage (%)
Occupation		
Farmer	67	39.4
Teacher	34	20
Trader	21	12.4
Health Worker	6	3.5
District Assembly Employee	30	17.6
Other	12	7.1
Total	170	100

Source: Fieldwork, 2016

6.2.5 Occupation of the respondents

The occupational distribution of the respondents shown in table 6.5 above revealed that about 39% of the respondents are farmers, 20% are teachers, traders constitute 12%, while 4% are health workers. Employees of the KDA constitute 18% while 7% represented ‘other’, who mainly consisted of casual workers of the Assembly and students. Thus, farmers were the highest number of respondents (39%), followed by the teachers and then by the District Assembly Employee, and health workers are the least. This table (indicating farmers as the highest number of respondents) therefore confirms that agriculture is the mainstay of the economy of the district.

Table 6.6 Information of the Employees of the District Assembly

If you work with the District Assembly, what is your status in the District?

Respondents	Frequency	Percentage (%)
Employees of the District Assembly		
Management member	6	20
Assembly member	4	13.3
Revenue collector	4	13.3
Staff of Town/Area Council	8	27.7
Head of Department	2	6.7
Other	6	20
Total	30	100.0
For how long have you been employed in the District Assembly?		
Below two years	11	36.7
2 to 6 years	13	43.3
7 years and above	6	20
Total	30	100.0

Source: Fieldwork, 2016

6.2.6 Length of service of employees at the district

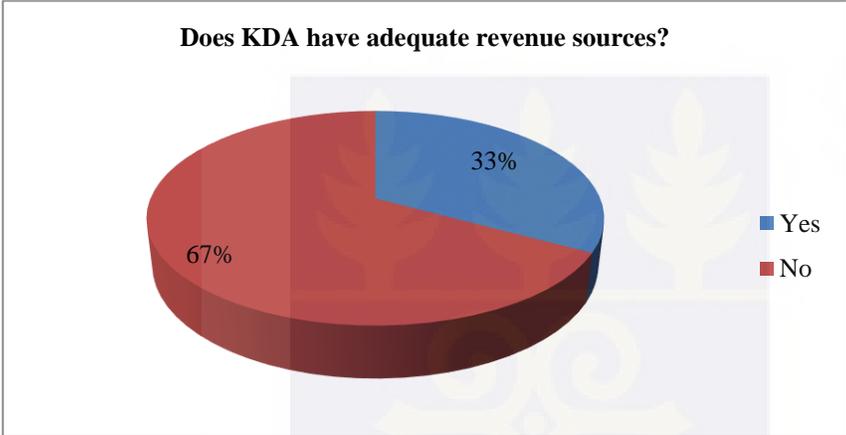
Other sample characteristics the study examined are the total participants from the KDA and the number of years they have been working with the District Assembly. The results showed that 30 out of the total respondents are workers of the KDA. Out of this number, 20% are in the management members, four Assembly Members (13%), revenue collectors also constituted 13%, staff of the Town/Area Council made up 28%, Heads of Department represented 7% and the remaining 20% included drivers and other casual employees such as ‘Zoomlion workers’ (sanitation personnel). These results revealed that most of the lower ranking workers of the Assembly participated in the study than the senior members. It could be concluded from the results that many people from different sectors of the Assembly participated in the study – this ensured proportionally fair representation of the Assembly. Out of this number, about 37% of the workers of the Assembly have worked for less than two years, 43% have been with the Assembly between 2 to 6 years and those that have been with the Assembly for 7 years and above constituted 20%. The results indicated that majority of the respondents of the District Assembly (63%) have been at post for 2 years and above. Their varied experiences in their work enhanced gathering of quality information.

6.3 The Sources of Revenue for the Kpandai District Assembly

The respondents were asked; whether or not the KDA has adequate sources of revenue. Figure 6.1 below presents the responses, which show that fifty-six (56) of the respondents representing 33% were certain that the KDA has adequate sources of revenue. However, as

many as 114 out of the 170 respondents representing 67% stated that the revenue sources are not adequate. Interestingly, more than half of the respondents who are employees of the KDA also confirm that the district does not have adequate revenue sources, and a considerable number of respondents from each area council shared this view. This means that the KDA needs more effective revenue sources to complement the existing ones.

Figure 6.1 Adequacy of the Revenue Sources of the KDA



Source: Fieldwork, 2016

6.3.1 Identification of revenue sources to the KDA

The first objective of this study was to identify the revenue sources of KDA. Thus, when the interviewees were asked to identify the sources of revenue of the KDA, they generally provided three main sources: Central Government transfers, donor funding and local sources or the IGF as espoused further in table 6.11 below.

The revenue items and sources named above are in keeping with the provisions of the Local Government Act, 1993, Act 462, and the 1992 Constitution under Articles 245 and 252, for revenue mobilization by the District Assemblies. When the officers of the KDA were asked

in the interviews as to how they identify taxable items and levy taxes on such items, the explanation was that various stakeholders in the district are invited to the fee fixing forum, where decisions on what is to be taxed, how much to tax and what items to exempt from tax are taken. Unfortunately, in the KDA, most properties such as buildings are yet to be fully captured in the revenue base. However, some common ones, such as “*lands, stores and vehicles were captured alongside the fees and fines out of over a thousand (1000) businesses identified by the Ghana Statistical Service*”, (GSS) “*and taxed*” (DBO, 2016). Because some properties are not covered, the revenue coverage ratio is low. According to an official, the coverage rate in the district has recently risen a little over 50%, following the collaborative effort from the GSS. Thus, the Assembly is not meeting the criteria (adequate tax base identification) for effective revenue mobilization identified by Kelly (2000) and accounts for its low revenue mobilization. However, DBO (2016) highlighted that at the fee fixing resolution meeting of the district, issues that they considered before fixing fees include the availability of taxable items and the ability-to-pay. Some other factors must complement these, such as effective use of sanction, incentives and penalty, for effective tax collection to be guaranteed.

6.3.2 Identification of the potential revenue sources to the KDA

Following the confirmation from the respondents that the district has not adequate revenue sources, the respondents were asked to enumerate the potential sources of revenue that are not yet identified and utilized by KDA. As presented in Figure 6.2 below, out of the 170 respondents, 70 of them representing 41% identified improvement on, and investment in

agricultural activities as a potential source for accruing revenue to the district. The Former Presiding Member states: *“when processing factories are established for harvested crops, fruits and vegetables, more profits will be gained, part of which will go to the District Assembly as taxes...establishment of fish ponds is also a potential revenue source”* (FPM, 2016).

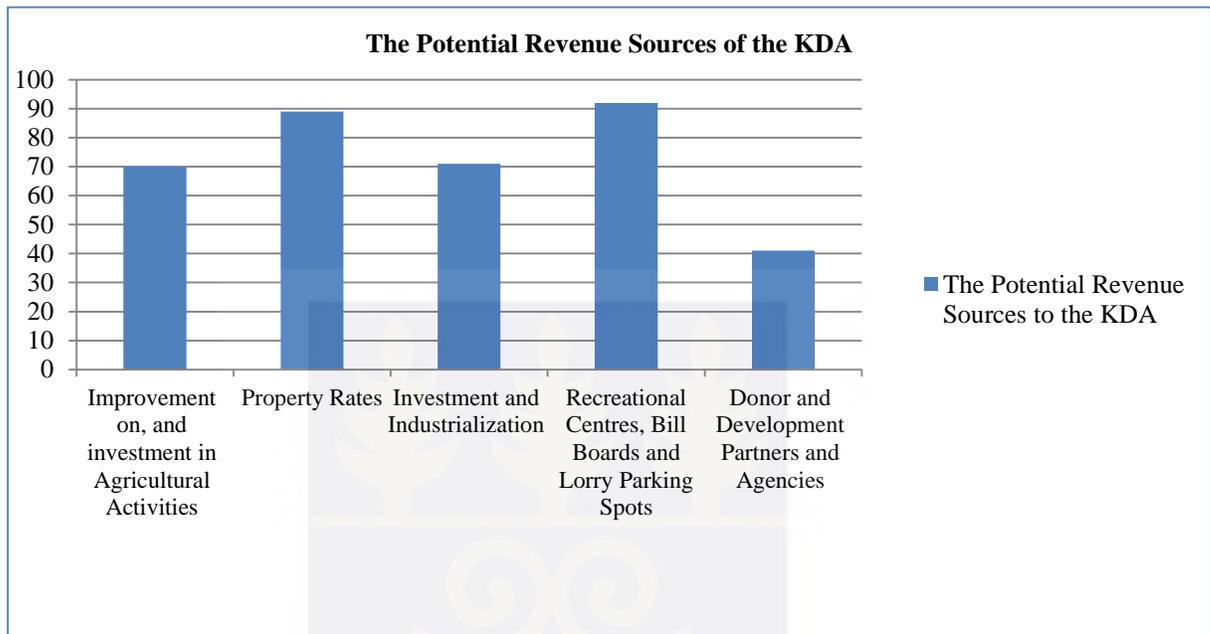
‘Property rates’, which is the major sources of many developed countries like United States and well established local governments was rather identified by 89 respondents (52%) as a potential source of revenue to the KDA. The DPO related that; *“even though property rate is part of our fee fixing items, it is yet to be fully utilized”* (DPO, 2016). The properties mentioned herein, among other things, comprise immovable properties like buildings.

Yet, 71 respondents (42%) stated that investment and industrialization are great revenue potential to the Assembly. The DPO also prescribed that the District Assembly should invest part of its revenue in several sectors such as industrialization for further revenue generation.

Additionally, according to the CPM, Kpandai district has tourist attraction sites which could be developed to attract tourists, and through this, revenue could be generated. He also pointed to the quarry sites, especially one at Nkanchina, and he says: *“it could be harnessed to the financial benefit of the Assembly”* (CPM, 2016). Some of these potential revenue sources identified by the respondents have been identified and utilized by some older districts as projected by Edogbanya et al. (2013: 19) presented in chapter five. It means

therefore that, KDA could do well when it utilizes them. Figure 6.2 below shows details of the responses.

Figure 6.2 The Potential Revenue Sources of the KDA.



Source: Fieldwork, 2016.

6.4 Revenue Mobilization Process

The second objective of the study seeks to identify the revenue performance of the district. The researcher therefore inquired from the respondents if the district has efficient revenue mobilization teams and the table 6.7 below shows the responses.

Table 6.7 Views on the Competence Level of the Revenue Mobilization Team

The Assembly has competent and efficient revenue mobilization team.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	8	4.7	4.7	4.7
Agree	56	32.9	32.9	37.6
Disagree	44	25.9	25.9	63.5
Strongly disagree	31	18.2	18.2	81.8
Do not know	31	18.2	18.2	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

From the table above it could be seen that 64 respondents representing about 38% responded in the affirmative, while 44% disagreed and 18% said they did not know. This means that the competence and efficiency of the revenue mobilization team is questionable. Interestingly, further analysis shows that many employees of the District Assembly are among those who responded in the affirmative. It could be that they are trying to cover their underperformances. However, per Kelly's (2000) model, for effective revenue mobilization to be achieved, the revenue team should be efficient in order to well educate and convince tax payers, improve the coverage ratio and ensure adequate revenue collection.

Table 6.8 Views on the Conversance of Revenue Team with the Accounting Procedures
Revenue collection team is conversant with the revenue collection and accounting procedures.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	7	4.1	4.1	4.1
Agree	45	26.5	26.5	30.6
Disagree	49	28.8	28.8	59.4
Strongly disagree	35	20.6	20.6	80.0
I don't know	34	20.0	20.0	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

The researcher further asked of the views of the respondents on the conversance of the revenue mobilization team with the accounting procedures. This question was necessary for ascertaining the efforts and level of competence and capacity of the collectors to do due diligence in the revenue collection process. It was realized, as shown in the table above, that about 31% responded positively (strongly agreed and agreed), 49% responded negatively (strongly disagreed and disagreed) and 20% stated that they have no idea. The results show that many respondents are not pleased with the performance level of the revenue collectors regarding their ability to collect more revenue, and manage the records and data base of the revenue collected so as to enhance efficient accounting. Additionally, the revenue collectors, are said to be less skillful, especially those on the government payroll, and are often associated with corrupt activities. This conflicts with good revenue mobilization practice which prescribes that tax or revenue collection and accounting systems be properly rationalized and that political will should complement that effort (Kelly, 2000).

The next question on revenue collection, thus, demanded the views of the respondents on the motivation of the collectors. About 8% and 12% of the respondents strongly agreed and agreed that the revenue collectors are motivated to do their work well respectively. Those who disagreed and others who strongly disagreed constitute 56% while 24% said they do not know (see Appendix C). This means that motivating revenue collectors is not adequately done; especially with allowances for their extra work, providing them with enough logistics and transportation services. No wonder all the four revenue collectors strongly disagreed to the question, depicting their displeasure with the authorities on this subject matter. The analysis further indicated that three out of the four revenue collectors are married which means that they have more responsibilities of caring for their families. Thus, lack of adequate motivation means that they may be compelled to be dishonest in their work leading to revenue leakages.

The honesty of the revenue collectors is then tested. Asking whether or not the revenue collectors are honest in the course of their work, at least about 23% of the respondents agreed (strongly agree and agree), 56% generally disagreed and 21% responded that they do not know. The disagreement by more than half of the respondents that revenue collectors are honest means that the revenue collectors could hardly be trusted for genuine work output. Table 6.9 below shows the responses.

Table 6.9 Honesty of the Revenue Collectors

The revenue collectors are honest in the course of their work.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	6	3.5	3.5	3.5
Agree	33	19.4	19.4	22.9
Disagree	64	37.6	37.6	60.6
Strongly disagree	32	18.8	18.8	79.4
Don't know	35	20.6	20.6	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

The above responses further suggest that the revenue collectors are not honest in their work. This implies that the KDA needs to put in place effective systems to ensure proper accountability, reduce revenue leakages and restore tax payer confidence in the revenue collection team if meaningful revenue is to be mobilized.

Table 6.10 Views on the Performance of the Revenue Collectors

How will you rate the performance of the revenue collectors?

Response	Frequency	Percentage (%)
High	6	3.5
Average	58	34.1
Low	52	30.6
Very low	37	21.8
Do not know	12	7.0
Missing value	5	3.0
Total	170	100.0

Source: Fieldwork, 2016

The respondents were asked to appraise the performance of the revenue collectors. As shown in table 6.10 above, more than half of the respondents (52%) said their performance

is below expectation. About 38% of them said their performance is appreciable while 7% said they have no idea about their performance and 3% did not answer the question. Most of the interviewees also responded in the negative. We can tell from the results that the revenue collectors are underperforming and could do better than they are currently doing. It will be of great benefit to ascertain that they are actually underperforming and why, hence table 6.11 below.

6.5 Revenue Performance of the KDA

Table 6.11 The Internally Generated Fund (IGF) of the KDA from 2011 to 2015.

REVENUE (IGF)	2009	2010	2011	2012	2013	2014	2015	TOTAL
RATES	-	-	11,820.66	12,297.40	4,533.50	381.6	258.8	29,291.96
LANDS	-	-	3,778.95	1,260.00	1,666.00	12,717.03	6,737.52	26,159.50
FEES AND FINES	-	-	17,807.00	30,236.50	32,209.20	30,340.30	36,040.10	146,633.10
LICENSES	-	-	3,459.40	2,325.00	9,403.80	10,360.10	3,877.00	29,425.30
RENT	-	-	2,964.00	1,515.00	10,242.00	5,520.00	2,784.00	23,025.00
OTHER INCOME	-	-	2,000.00	14,300.00	0.00	0.00	0.00	16,300.00
MISCELLANEOUS	-	-	667.59	144.02	4,647.00	25,439.70	19,861.00	50,759.31
TOTAL	-	-	42,497.60	62,077.92	62,701.50	84,758.73	69,558.42	321,594.17

Source: Kpandai District Finance Office, 2016

Thus, the data from the KDA (presented above) confirm poor revenue performance. From the table, the study indicates that the *fees and fines* source generates the highest revenue while 'other income' source generates the least revenue to the total revenue collection. The

next after fees and fines source is miscellaneous source and then *licenses* sources of revenue collected. For instance, in 2015 *fees and fines* contributed GH¢ 36,040.10 (more than half of the total internal revenue) to the KDA at a percentage of 52%, this is followed by *miscellaneous* GH¢ 19,861.00, accounting for 29% of the total internal revenue to the KDA and nothing was generated from the ‘other income’ source (percentages estimated from table 6.11). Obviously, people paid more in each year for *fees and fines*. This is surprising because, *property rate* which has been a major source of revenue to most local governments contributed less than the *fees and fines* to the revenue of the KDA. Further explanation, as presented below is necessary to enhance our understanding of the subject matter.

6.5.1 Rates

Section 95 of the Local Government Act, 1993 states that, “District Assembly shall levy sufficient rates to meet their estimated expenditure”. There are general and specific rates. Whereas general rates are levied throughout the district, specific rates are levied in specified areas of the district to promote development of the entire district and undertake specific projects of the district respectively. The study suggests that rates contributes quite significantly to revenue of the KDA. However, after it increased from GH¢ 11,820.66 in 2011 to GH¢ 12,297.40 in 2012, diminishing returns sets in till 2015, in which it contributed the least. It contributed about 9% (estimated from table 6.11) revenue of the total IGF. Although this is somewhat remarkable, much could be generated from it. Revenue from rates source is generally generated from basic rates and because the Assembly faces difficulty in improving or at least maintaining the yearly collection ratio of the basic rates,

it continuous to make less impact. Other factors that also account for the diminishing return include tax exemptions and lack of enforcement of tax regulations or legislations. Table 6.11 above has the details of the comparison.

6.5.2 Fees and fines

A fee refers to an amount of money paid for a particular right or service or piece of work that is in proportion to the cost of distribution of government services provided to the payer (Kessey, 1995). In other words, fees simply refer to amount of money payed to the district in return for services and/or piece of work. Fines are the monetary revenue that the district receives from the charges or levy placed by the authorities on persons for offences and crimes committed as punishment. Although both fees and fines provide a wide range of items for District Assemblies to levy taxes, but just as rates performance, they (fees and fines) are not also doing well. Some of the items the District Assemblies could levy taxes under the sixth schedule of Act 462, 1993 and are currently utilized by the KDA include trading kiosks, market tolls, slaughter houses and cattle ponds. And interviewee, however, explained that fees and fines will always command high amounts of revenue due to the regular occurrence of offences and crimes (DDCD, 2016).

Obviously, fees and fines contributed the highest revenue to the KDA under the period of study (2009-2015). Even though it also slightly reduced in 2014, it maintained upward returns to the district's revenue. It contributed about 46% (estimated from table 6.11) revenue of the total IGF within the period of the study. The reasons for its high performance include the fact that many people in the district have started establishing businesses that are

now profitable because of the creation of the district. Those who established the businesses contribute to this revenue item as they pay taxes, registration fees and market tolls. Hence, it is understandable why fees and fines contributed over half of the IGF in 2015 (see table 6.11). Invariably, it will pay off if the district initiates policies to further promote this sector so as to maximize returns by expanding tax base, improving tax education and applying sanctions where necessary.

6.5.3 Licenses

Licenses within the local governments basically are the official documents issued to persons, by which they are permitted to own or use something for some period of time, usually after payment of money. Licenses constitute an aspect of the tax of most local governments and are normally used for financing expenditures. License revenue of the KDA is remarkably noted as the third highest contribution to the total IGF (9%) for the period of the research (estimated from table 6.11, pp. 105). Just like the fees and fines, it is a source that can potentially yield good amount of revenue to the district, given the extent at which businesses are springing up and the number of contractors bidding for contracts in the district.

6.5.4 Rent

Unlike the licenses, fees and fines, revenue from rent is generated from fixed assets owned by the KDA such as market stalls. This non- tax source of revenue generates an appreciable amount of revenue for the district. For instance, in 2013 it generated about 16.3% (estimated from table 6.11) of the total IGF, which is quite substantial. However, the poverty level in

the district makes it difficult for all users of the assets to pay the required amount for the period of the leasing and this subjects the revenue from this source to fluctuations every year. Hence the district must support poverty alleviation programs in order to improve socio-economic development of the district, which will further enhance revenue mobilization from rent.

6.5.5 Miscellaneous

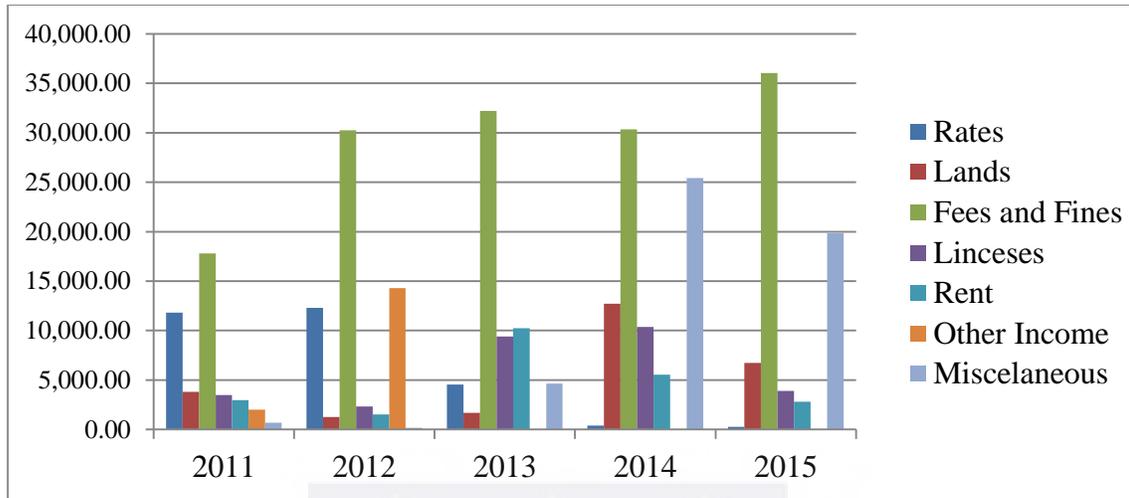
Miscellaneous source of revenue to the KDA comprises revenue items/sources that are not concrete enough to be independently classified separately. These revenue items include donations, unclaimed salaries and allowances and sale of tender documents. Even though it constituted the second highest amount of the IGF (about 15.8%) within the study period, accurate target cannot be set for it (percentage estimated from table 6.11). The reason is that it is difficult to determine, for instance, how much could be received by the district as revenue from donations; how many vehicles will be sold out as unserviceable vehicles; and so forth. Hence, revenue efforts should rather be devoted to the other sources other than miscellaneous source.

6.5.6 Property rates

Property rate, as indicated earlier, is a major revenue source in many urban types of council (Mikesell, 2002). It accounts for much revenues of sub-national governments in most developed countries like the United States of America, but less in developing countries resulting from outmoded collection methods (Fjeldstad and Semboja, 2000). In the case of Kpandai District, just as the revenue from miscellaneous is performing abysmally, land as

a revenue item out of a lot also contributes meagre revenue to the KDA. Others such as buildings are not yet explored or utilized. Thus, the District Financial Officer (DFO (2016)) confirmed that *property rate* is not fully explored in the district and that only land, shops and vehicles are taxed and this limits the tax base. He noted that this has been affecting the district's ability to raise the required revenue for development. For instance, from 2011 to 2015, it contributed GH¢ 26,159.50 out of the total IGF of GH¢ 321,594.17, accounting for just 8% of the total IGF (estimated from table 6.11). Thus, all is not well with the processes of mobilizing property rate in the district. The fact that this source is contributing insignificant revenue to the total IGF raises some concerns. Inferring from Kelly's (2000) analytical framework for revenue mobilization, the district is lacking good criteria of revenue mobilization. The reasons adduced for the poor performance of this revenue item (inferred from Kelly's (2000) model) in the KDA include: poor records keeping on taxable properties, several exemptions limiting the number of payers, improper tax base identification and valuation, lack of political will to ensuring that tax payers fulfil their tax obligations, among others. Figure 6.3 below throws more light on the sources of revenue raised.

Figure 6.3 The Annual IGF Sources of the KDA Compared (in Ghana Cedis).



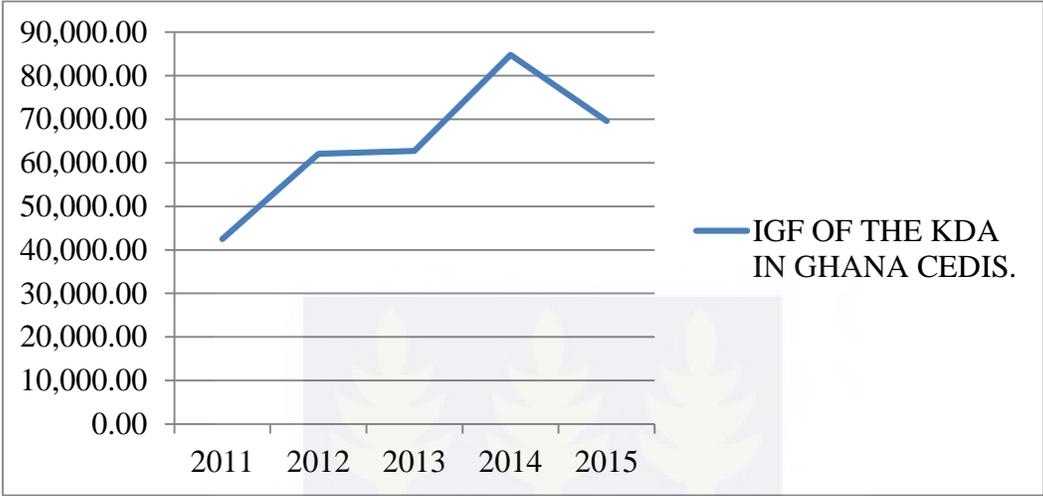
Source: Kpandai District Finance Office, 2016

Although all these revenue sources generate varied revenues to the district, the totality of these revenues is not enough for the DA, since the expenditure of the DA far outweighs the actual revenue generated. In particular, the ‘other income’ source is not a reliable one at all because the district could not have any amount from it after 2012.

Besides, even though the amount of IGF mobilized by the KDA since its inception on yearly bases has experienced steady increases as depicted in Figure 6.4 below, in 2015 there was a sharp decline (from GH¢ 84,758.73 in 2014 to GH¢ 69,558.42 in 2015). This situation has negative consequences on the developmental planning of the district. This is because the KDA has not been able to achieve revenue adequacy especially from the IGF to enable it cover at least its operating expenses (stated by the FPM, 2016) let alone to plan for developmental projects. Undoubtedly and consequently, the KDA heavily relies on other funds such as the DACF and DDF for developmental projects; even though these sources

equally have their special problems (e.g. delay in releasing the funds). The yearly trend of the IGF in the KDA is shown below.

Figure 6.4 The Yearly Trend of IGF of the KDA (in Ghana Cedis).



Source: Kpandai District Budget Office, 2016

6.6 The IGF and the Intergovernmental Transfer

The researcher analyzed the annual contributions of the IGF to the total revenue performance of the district by comparing it with the DACF. Although the interviewees confirmed that the district benefits from the central government transfer, they were quick to add that such transfers are still under the control of the central government in one way or the other. For instance, determining the amount of fund to be given to the DAs and on what the fund should be expended. They said this interferes with their autonomy to use such external transfers. Among such external transfer is the DACF, to which the IGF of the KDA is compared (see table 6.12 below).

Table 6.12 below gives the details of the comparison.

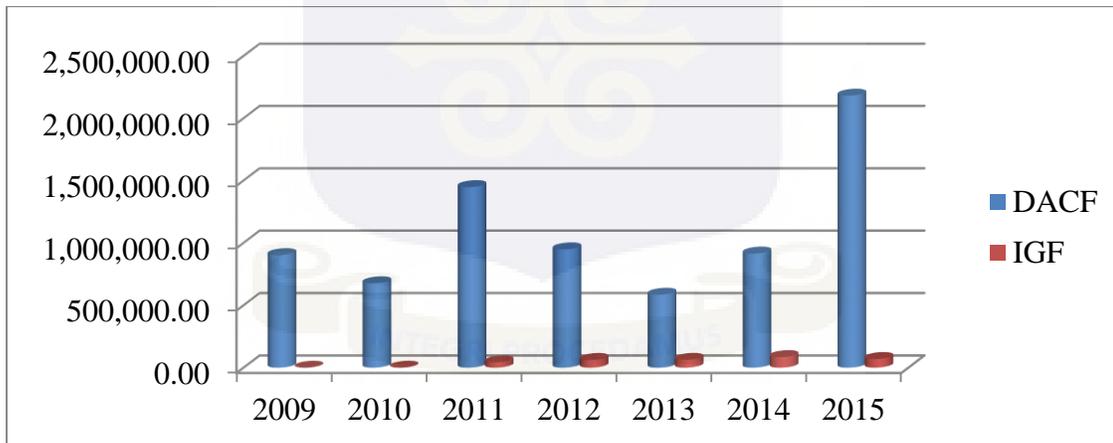
Table 6.12 The Internal Generated Fund compared to the DACF.

YEAR	2009	2010	2011	2012	2013	2014	2015	(%)
DACF	901,481.11	676,008.48	1,447,056.69	947,819.96	584,476.93	914,216.98	2,181,315.14	95
IGF	40,320.99	72,466.90	42,497.60	62,077.92	62,721.50	84,758.73	69,568.42	5
TOTAL	941802.1	748475.38	1489554.29	1009897.88	647198.43	998975.71	2250883.56	100

Source: Kpandai District Budget Office, 2016

From table 6.12 above, it is realized that, the revenue mobilized through the local taxes on yearly basis is really very low (5%) as compared to the DACF. In other words, comparatively, the DACF contributes a much greater percentage (95%) of the two revenues put together – not good for districts to perform well. Figure 6.5 below further clarifies the comparison.

Figure 6.5 The Annual DACF and IGF Sources of the KDA Compared (in Ghana Cedis).



Source: Kpandai District Budget Office, 2016

Invariably, the low level of IGF accounts for the KDA's high dependence on the central government transfers as a source of infrastructural development. Interestingly, Alima (2017: 20) commenting on the overreliance of the Metropolitan/Municipal/District Assemblies (MMDAs) in Ghana on the DACF warned that, going forward, the "District assemblies must develop revenue mobilisation mechanisms for increased revenue". Thus, the more the MMDAs are able to mobilize internal revenue, the more they will receive the intergovernmental transfer and the vice versa. Therefore, overreliance on the DACF will certainly have negative implications on the developmental efforts of the districts concerned. Hence, for the district to improve on this situation there is the need to unearth and surmount the challenges (to be discussed below) confronting it in its efforts towards realizing its revenue targets.

Moreover, in an interview with the District Budget Officer (DBO), he emphasized that the main issues of the DACF in the KDA are that, although it is transferred quarterly to the district, it sometimes delays unnecessarily. He added that it is also tied to central government's control, compelling the district to borrow (at high interest rate) before it could continually run its administration and manage its expenditure. This affirms the literature, especially the findings of Inanga and Osei-Wusu (2004) and Mohammed (2014: 14) regarding the over reliance of the KDA on DACF (given its unpredictability in terms of both magnitude and timing, among others). Additionally, the amount of the DACF released to the KDA from 2009 to 2015 (shown in table 6.12 above) indicates a fluctuating trend, and this situation, as pointed out by the DDCD (2016), undermines proper development

planning. For instance, it affects the district's annual budgeting and could obstruct allocative efficiency of the revenues.

The fourth objective of the study is to identify the challenges confronting the revenue collectors in the revenue mobilization process and deployment of the revenue for the development of the district. In pursuit of this objective, the researcher first posed a question regarding the revenue administration system. The respondents were thus asked whether the District Assembly has appropriate systems of control in the administration of revenue collection. As shown in table 6.13 below, 43 respondents representing 25% agreed that the Assembly has effective revenue administrative system while 72 respondents (42%) said it does not and 55 respondents (32%) said they do not know. Up to 32% of the respondents stating that they do not know might be an indication of lack of transparency in the conduct of the activities of the KDA. The response therefore implies that the district has no effective systems of control in the administration of revenue collection. This response was buttressed up by Budget Officer when he indicated that: *“the district has no court to prosecute tax evaders and yet the task force put in place to check revenue leakages are too few in number that we have to sometimes call on the police to reinforce our efforts”* (DBO, 2016). This situation deviates from the criteria for effective revenue mobilization: tax collection and enforcement of compliance. This criteria, according to Kelly (2000) to a large extent is determined by political will and the effective use of sanctions, incentives and penalty. Table 6.13 below presents the details of the responses on the revenue control system and the levels of education of the respondents.

Table 6.13 Cross Tabulation on Counts of the District Assembly’s Revenue Control System and Level of Education.

Does the Assembly have appropriate systems of control in the administration of revenue collection?

Response	Level of education				Total
	Nil	Basic Education	Secondary Education	Tertiary Education	
Does the Assembly have appropriate systems of control in the administration of revenue collection? Yes	0	2	12	29	43
No	0	2	17	41	72
I am not sure	16	12	21	18	55
Total	16	16	50	88	170

Source: Fieldwork, 2016

The responses in table 6.13 above means that education has been an important factor that determined the level of awareness of the issues pertaining to the District Assembly (the lower the level of education the less the level of awareness and the vice versa). Besides the disagreement of the majority of the respondents that appropriate systems of control are in place to ensure efficient management and collection of revenue, 32% of respondents stating that they “do not know” means that the system is, at least, not transparent enough.

Moreover, the officials of the KDA were interrogated, in the interviews conducted, on whether the Assembly sets revenue targets, as a way of assessing the effectiveness of the revenue mobilization system. All of them indicated that the district does set revenue targets, but the commitment to achieving them is simply poor because of low political will. This indication justifies why the revenue mobilization in the KDA is very low, given the low collection ratio aided by the low political will.

The researcher then solicited the views of the respondents about the efficiency of the revenue management system in the district. As depicted in table 6.14 below, out of the 170 respondents, approximately 12% and 28% said the management is efficient and moderately efficient respectively. Other respondents constituting, 38% and 21% said they are less efficient and inefficient respectively. Given the high percentage of the second group of respondents (about 59%) having low opinion about the revenue management system, the performance of the management is questionable and leaves much to be desired. This is further confirmed by the greater number of the respondents who chose to blame the revenue management officials, when they were asked whom they will blame for poor revenue performance of the district (see table 6.16 below). This response confirms the World Bank's (2000) statement about the issues of management - poor implementation strategies and designs towards revenue generation and funding relationships as well as issues about economic efficiency and accountability (determines the magnitude of revenues to be generated).

Table 6.14 Views on the Efficiency of the Revenue Management System

How efficient is the revenue management system in the district?

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very efficient	3	1.8	1.8	1.8
Efficient	20	11.8	11.8	13.5
Moderately efficient	47	27.6	27.6	41.2
Less efficient	65	38.2	38.2	79.4
Inefficient	35	20.6	20.6	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

6.7 Revenue Performance Index

Revenue Performance Index refers to a method employed by scholars in assessing revenue performance of Ghanaian MMDAs. It measures the proportion of actual revenue mobilized or collected to the total calculated target within a given time. The secondary data collected from the KDA outlines the Revenue Performance Index of the district over a six-year period ranging from 2010 to 2015. This is shown in table 6.15 below.

Table 6.15 Revenue Performance (2009 - 2015) from All Sources in Ghana Cedis

YEAR	2009	2010	2011	2012	2013	2014	2015
BUDGET	-	3,452,340.95	4,745,915.76	6,294,682.00	7,651,828.48	8,923,130.64	8,885,179.80
ACTUAL	-	1,923,641.36	3,445,412.53	3,922,287.53	4,736,405.47	6,842,028.70	4,538,382.34
VARIANCE	-	1,528,699.59	1,300,503.23	2,372,394.47	2,915,423.01	2,081,101.94	4,346,797.46
PERCENTAGE (%) MOBILIZED	-	55.72	72.6	62.32	61.9	76.68	51.08

Source: Kpandai District Budget Office, 2016

Table 6.15 above shows clearly that, the revenue performance of KDA has been poor and characterized by fluctuations (Figure 6.4 on page 113 further clarifies this). Invariably, the district has not only been unable to realize its revenue targets but also failed to meet the revenue adequacy requirement. This means that the district will be less autonomous and will lack the requisite capacity to fulfil its obligations. Thus, without revenue adequacy, the district will always, as it has been stated earlier, rely on the central government to make up for its budget deficits.

6.8 Challenges of Internal Revenue Mobilization in the Kpandai District Assembly

Having raised questions regarding the difficulty of raising revenue in the KDA, the researcher then focused on whom the respondents will blame most for poor revenue performance in the district. This question was asked to enable the researcher know the group of people the district needs to spend more energy and resources on in order to improve on revenue mobilization. Thus, when that question was posed, the responses that were received are presented in table 6.16 below and are further explained:

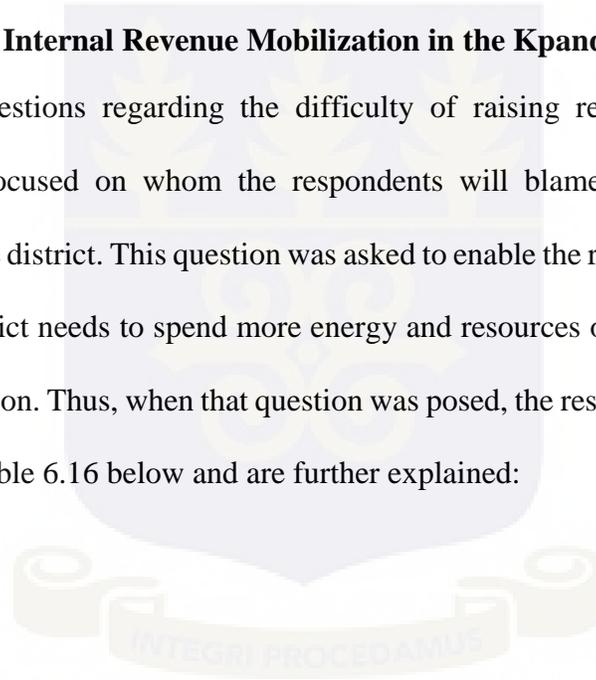


Table 6.16 Views on Who to Blame for Poor Revenue Performance

**Whenever there is poor revenue performance in the KDA,
who will you blame most for it?**

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Management team	121	71.2	71.2	71.2
Assembly Members	19	11.2	11.2	82.4
Revenue collectors	21	12.3	12.3	94.7
Tax payers	9	5.3	5.3	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

As shown in the above table, 121 respondents, representing 71% said they will blame the management team for poor revenue performance. Out of the total respondents, 21 of them, representing about 12%, pinpointed the revenue collectors as those who should be blamed. About 11% of the respondents attributed the low revenue mobilization to the Assembly Members while only nine (9) persons chose to blame the tax payers. Similarly, the interviewees also shared varied blames, though proportionally like those of the 170 respondents, to the stakeholders in the district. What can obviously be deduced from all the responses is that the management is the major problem of the district in the revenue mobilization process, followed by the revenue collectors, then the Assembly Members and finally the tax payers.

The follow up question demanded the respondents to state their reasons for apportioning blame on the stated groups of stakeholders. The reasons they provided are as follows (for evidences see Appendix C).

6.9 Responsibility for poor revenue performance

The respondents stated their reasons for apportioning blame on the groups of stakeholders as follows:

Management team is to blame for:

- their poor attitude to work as well as inadequate monitoring and supervision. Respondents (83%) are emphatic that most of the management members are from different districts and towns and they spend few days of the week at the workplace while the rest of the days are spent outside the district. Other respondents also lamented that this group of officers send the Assembly's vehicles home instead of giving them to the revenue collectors to enable them perform their duties effectively. The interviewees however debunked this claim and rather cited inaccessibility of some villages especially in the raining season. They said vehicles cannot be sent to some villages because of the poor condition of the roads. In effect, they reiterated that this situation has caused the district to lose a lot of revenue; as the revenue collectors are unable to reach the prospective tax payers, who are enjoying "tax holidays". Surprisingly enough, two interviewees also emphasized that the management body is not up and doing in the area of revenue generation because they have not been monitoring and supervising the processes involved in the mobilization effectively. The DDCD has this to say: *"when it comes to the financial issues, the commitment of the Assembly, led by the accounts office, is nothing to write home about ... their efforts are not much and I feel guilty"* (DDCD, 2016). Reacting to a question on monitoring and supervision, the DDCD states: *"people,*

especially yam farmers and drivers have created unapproved entry and exit points in the district, and they pass through these exit points or routes to escape paying taxes on their yams and vehicles. Until we become up and doing by erecting more barriers, we will continue to lose revenue” (DDCD, 2016). Additionally, failure to provide effective task force to enforce tax collection regulations as well as lack of adequate training for revenue collectors; lack of capacity building for the Assembly Members and tax payer education were the lapses on the part of the management, as identified by the HRM and FPM. These findings confirm those of Adu-Gyamfi (2014) which among others include low tax education and poor enforcement of the Assembly’s bylaws. It is clear that the KDA has been doing less in respect of tax collection. The district’s revenue efforts have not met the criteria for effective revenue mobilization prescribed by Kelly (2000). He prescribed that tax education must be enforced by creating the awareness of tax payers as to how the tax is levied, collected, enforced and used as well as rationalizing accounting systems for effective revenue mobilization. These issues, which should be spearheaded by the management team, lack firm roots in this young district, hence the low level of revenue mobilization.

- misallocation of the IGF. Some of the respondents (44%) who cited misallocation of the IGF also stated that they do not see what the Assembly has been using the monies generated locally for. Some respondents even alleged that management and other staff members share the IGF among themselves. More to the point, A Senior Revenue Collector had this to say: *“it is really difficult to convince or persuade the tax payers to*

honour their tax obligations to enhance developmental efforts of the KDA, because they are not informed how the taxes they pay are used” (SRC, 2016). The District Budget Officer (DBO) pointed out that this situation has been the reference point for tax evaders. This confirms the literature, especially the findings of Bird, Martinez-Vasquez and Torgler (2004), Egbenya (2010), and Puopiel and Chimsi, (2015) in their separate studies in which they enumerated the above mentioned factors and several others as accounting for the abysmal revenue performance by the MMDAs.

- bribery, corruption and self-seeking. The members of the management body have been accused of using the Assembly’s resources (especially the IGF) to enrich themselves. About 48% of the respondents who identified this social evil lamented that the management is selfish and that they also engage in loot and share activities.
- poor revenue generation skills and inadequate revenue database. The management is to blame for not ensuring adequate provision of logistics and also not providing means of transportation. About 55% of the respondents, out of the total respondents citing this point, said the management body has not put in place proper database for revenue collection and accounting and this leads to poor revenue collection and revenue leakages. The interviewees confirmed this point by stating that accurate data on taxable items are not available and this makes way for the traders who are scattered within the district evade tax. Until recently when the GSS is providing database of the businesses in the district, the district suffered from revenue leakages and tax liabilities. This issue of database proves the findings of Adu-Gyamfi (2014), who pointed out that databases of the DAs are unreliable. Furthermore, the Senior Revenue Collector (SRC) stated that

because of inadequate logistics and transportation, they are not able to reach the hinterlands to collect revenue. He lamented that at one point in time some community members attempted to beat revenue collectors because they (tax collectors) failed to produce identification cards (responsibility of the management to provide them with that). In addition, he said: *“We also lack other basic logistics and materials such as rain coats, umbrellas, enough cash books and stickers...”* (SRC, 2016).

The interviewees equally mentioned the management as contributing to the challenges of the KDA in revenue mobilization process by specifically citing ineffective monitoring and supervision on the part of the finance office. Thus, the finance office is said to be unable to ensure that the tax net is spread wide enough to cover all the businesses and taxable items within the District and also to ensure that the expected revenue is collected. Administrative inefficiency is also pointed out by three interviewees as a major cause of the insignificant level of IGF collected over the years. Table 4.1 above contains figures obtained from the KDA that attest to this fact and this works against proper planning of the district for development.

The revenue collectors are to blame

- Lack of adequate knowledge of revenue collection. Eighty percent (80%) of the respondents indicated that many revenue collectors lack the skills and adequate knowledge of revenue collection and have no adequate respect for the tax payers. In line with this assertion, DFO said: *“some revenue collectors are rude and as such lack*

communication skills and politeness to convince tax payers to pay their taxes; they even annoy the tax payers in the process and this challenge has contributed in our revenue losses” (DFO, 2016).

- Not committed to their work. Forty-eight respondents representing 28% indicated that many revenue collectors feel reluctant to go to the hinterlands for revenue collection. However, the revenue collectors (especially the SRC) cited lack of logistics as an impediment to their capacity to effectively undertake their basic functions. Nevertheless, the citing of lack of logistics is sometimes used as an excuse especially by the salaried tax collectors, who are comfortable that come what may, they will get salary at the end of the month (DDCD, 2016).
- Under invoicing/bribery and corruption. Ninety-one percent (91%) of the respondents explained that some tax collectors connive with the tax payers and undervalue taxable items for some mutual benefits. This under invoicing practice translates into lower revenue (collected) than expected. This is in agreement with the findings of Egbenya (2010), Adu-Gyamfi (2014) and Puopiel and Chimsi, (2015). The DDCD, who is privy to revenue information, related to the researcher that: *“some revenue collectors are relaxed to collect revenue from their tribal members or friends. Others are corrupt to the extent that when they go to the tax payers, for example fish sellers, and the tax payers say they have no money yet, they (tax collectors) instead take the fish and go their way”* (DDCD, 2016). Furthermore, according to the DFO, *“the excessive frustration of the commissioned revenue collectors due to their inability to collect enough revenue to merit a good sum of commission, beguiles them into collecting lower rate than what is*

due without issuing out tickets” (DFO, 2016). Such monies are not accounted for – a lost to the district. Criteria for good revenue mobilization strictly eschews corrupt practices and apathy in revenue mobilization efforts, as projected herein as a practice in the KDA – potent causes of revenue inadequacy.

To Add insult to injury, five interviewees maintained that the recurrent expenditure of the Assembly is very high and the Assembly has less control over it. This limits the capacity of the District Assembly to make more developmental policies and undertake developmental projects. Thus, the Assembly spends the IGF on wages of casual workers, allowances, vehicle fueling and services among others, rather than development. This further confirms the literature.

The Assembly Members are blamable

- The Assembly Members don't educate their people adequately. In line with the findings of Adu-Gyamfi (2014), about 54% of the respondents stated that the Assemblymen take no interest in educating the people they represent on the essence of carrying out their tax obligations. They rather promote their own interests because: *“an assemblyman doesn't want to push for revenue mobilization because he feels it will be detrimental to his political fortunes, in spite of the fact that he is a development agent”* (DDCD, 2016). This situation is a disincentive to revenue mobilization, especially in an infant district where much is expected to be done to, at least, set up the effective administrative structures.

- Politicization of revenue mobilization. Also, about 25% of the respondents were not pleased with the politicization of revenue mobilization, where the Assemblymen of the opposing political divide sabotage the revenue mobilization efforts in the name of discrediting the ruling government. Besides, it is sad to not that: *“the attitudes of some of the Assembly Members and tax payers are very appalling: for Assembly Members, they try to promote their political interests than revenue generation and for the tax payers, they evade tax”* (FPM, 2016). This finding is similar to that of Alifo (1997) cited in Adam (2011) who, in his study, attributed the low revenue mobilization to the inability of the DAs to enforce tax evasion regulations. These situations, indeed, do not auger well with young districts in their quest to harness every resource for their development.
- They don't support revenue collectors adequately. Sixteen respondents, representing 20% said the Assemblymen are not providing enough cooperation and support to the revenue collectors. They said many revenue collectors do not know all the hinterlands in the district especially villages, and that the Assemblymen ought to facilitate in locating such areas as well as encouraging their people to honour their tax obligations. The Assemblymen, according to the respondents, seem to care less about that.
- They don't insist on proper accountability by the revenue management team. The Assemblymen are part of the policy makers at the Assembly level and are expected to monitor the revenue collected to ensure the proper use thereof. Seventeen percent (17%) of the respondents cited this issue as the cause of low revenue to the district. The DFO

summarised this point when he stated that: *“their failure to help ensure that more revenue is generated and utilized efficiently has been affecting the fortunes of the district in achieving its revenue objectives”* (DFO, 2016). This finding is in conformity with that of the World Bank (2000) in its study in developing countries concerning the issues of accountability, which determines the magnitude of revenue to be finally generated.

The tax payers are equally blamable on account of:

- Their evasion of tax. Almost all the respondents who chose to blame the tax payers identified tax evasion as the greatest challenge to revenue collection. According to the Former Presiding Member (FPM), he witnessed the practice of tax evasion when the officials from the Internal Revenue Authority came to the district to collect some taxes. He recounted: *“people were locking up their stores or shops and running away. The revenue authorities have no option but to put heavy padlocks on such shops for a long period of time as a way of punishment to these tax evaders”* (FPM, 2016).
- Their connivance with revenue collectors in bribery and corruption. Up to 89% of the respondents who identified the corrupt practices believed that the tax payers connive with the collectors to allow them pay less than the expected value for mutual benefits. For instance, the Senior Revenue Collector stated that, they are always confronted with gifts by the tax payers in return for tax exemptions. He, therefore, suggested: *“we really need effective task force to help us control these challenges”* (SRC, 2016).

- Not insisting on collecting receipts after paying the taxes. More than half of the respondents who said they will blame the payers claim that if the payers insist on collecting receipts after payment of their taxes, revenue leakages will scarcely crop up.

6.10 Uses of the Internally Generated Fund (IGF)

The third objective of the study is to find out whether the revenue raised has been used to promote the development of the district. This aspect of the question is intended to further highlight the main objective: the relationship between revenue mobilization and development. The respondents were thus asked to name some of the projects undertaken by the Assembly using the IGF. Ninety-nine (99) persons out of the 170 responded to the question and out of this number 15% said they have seen nothing concrete as the product of the IGF. Also 4% said they do not know whether or not IGF has been used for development projects. 19% of them associated the use of IGF to running the daily business of the Assembly, for instance, maintaining sanitation in the district. Yet, more than half (57%) of the respondents cited other uses such as maintenance and fueling the Assembly's vehicles, payment of 'ex-gratia' and allowances of the Assembly Members, among others. This finding confirms Akudugu and Oppong-Peprah's (2013) study in which they noted that the effects of the inadequacy of IGF is that it is only spent on recurrent expenditure such as travel and transport, personnel emoluments, and miscellaneous rather than on the actual intended developmental projects. Hence in the case of KDA, this is what the FPM has to say: *'the impact of IGF is very negligible, and thus the support of the DACF, DDF, NGOs and donor agencies go a long way to cater for developmental projects as well as*

complementing the efforts of the DA in ensuring smooth administration, but for them it would have been very difficult...” (FPM, 2016). Table 6.17 below shows the respondents’ views.

Table 6.17 Respondents’ Views on Impact of the Revenues Raised in the District.

Please state some developmental projects undertaken by the Assembly using the Internally Generated Fund.

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Nothing	15	8.8	15.2	15.2
	Payment of salaries and allowances of casual workers	5	2.9	5.1	20.2
	Running the daily business of the Assembly	19	11.2	19.2	39.4
	I don't know	4	2.4	4.0	43.4
	Other	56	32.9	56.6	100.0
	Total	99	58.2	100.0	
Missing	N/R	71	41.8		
Total		170	100.0		

Source: Fieldwork, 2016

The next question demanded the views of the respondents about the sufficiency of the IGF for the Assembly to undertake development project. Table 6.18 below shows their responses:

Table 6.18 Views on the Sufficiency of the IGF

Is the total Internally Generated Revenue of the Assembly sufficient to undertake developmental projects in the district?

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	5.3	5.3	5.3
	No	113	66.5	66.5	71.8
	Do not know	48	28.2	28.2	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

From table 6.18 above, about 67% of the respondents disagreed that the total internally generated revenue of the KDA is sufficient to undertake development projects. About 28% of them said they could not tell whether or not the total internally generated revenue of the KDA is enough to be used for development project. Yet, 9 respondents representing 5% answered in the affirmative. Figure 6.6 below further illustrates the responses received.

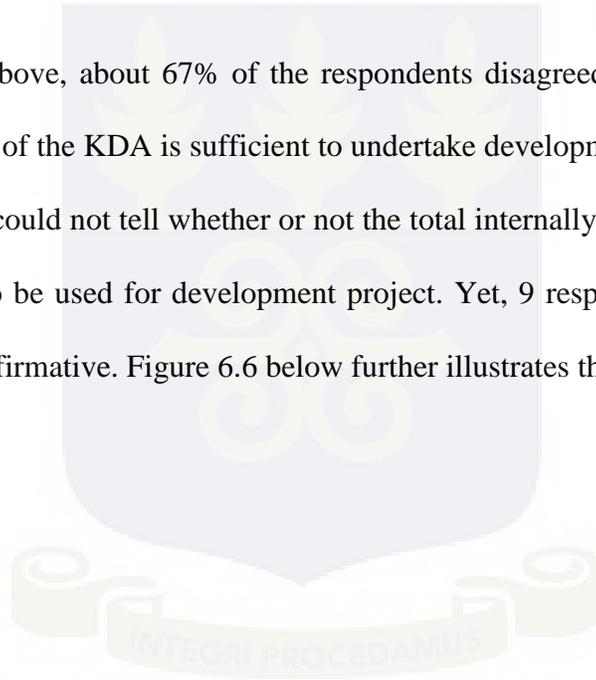
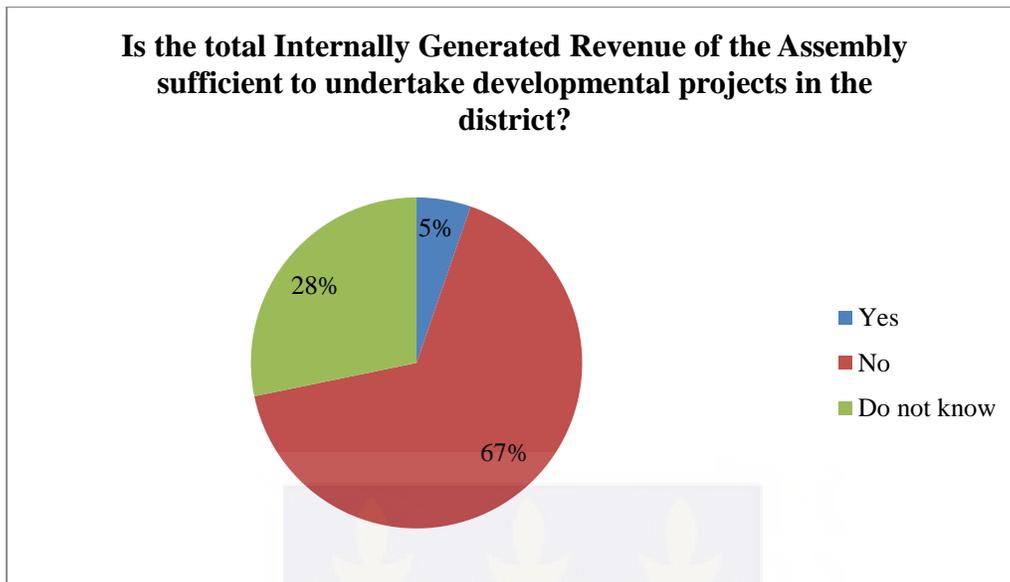


Figure 6.6 Views on the Impact of the IGF of the KDA.



Source: Fieldwork, 2016

From these illustrations, what could be deduced is that the IGF of the KDA is woefully insufficient for undertaking any development project. According to the DPO, the IGF has never been enough compelling the Assembly to go for foreign loans. He states: *“The fund is insufficient, given the growing population; given the need for expansion of infrastructure; and given the growing need for best quality service delivery in term of water, in terms of electricity and healthcare”* (DPO, 2016). This finding confirms the literature that the revenue generated locally is rather used for other purposes than direct development of the district.

On the other hand, this is what HRM challenges that: *“if really managed well, Internally Generated Fund is one of the key sources that can help the district because currently it is this fund that we use to pay salaries of casual workers, maintenance purposes...”* (HRM, 2016).

The follow up question demanded the views of the respondents concerning the difficulty of revenue mobilization in the KDA. This question received more positive responses than the negative. Total of 117 respondents (69%) agreed that revenue mobilization process is difficult, 31 respondents representing 18% disagree while 13% said they do not know. Thus, majority of the respondents agreed that KDA has difficulty in mobilizing revenue and this indicates that the district really faces challenges with its revenue mobilization process. The details of the response are shown in the table below.

Table 6.19 Views on the Difficulty in Mobilizing Revenue

Revenue mobilization in Kpandai District is very difficult.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	51	30.0	30.0	30.0
Agree	66	38.8	38.8	68.8
Strongly disagree	22	12.9	12.9	81.8
Disagree	9	5.3	5.3	87.1
I don't know	22	12.9	12.9	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

The next question on the revenue issues was posed to solicit suggestions of the respondents as to what strategies could be adopted to improve revenue mobilization in the district.

Several strategies were suggested and they include the following (for evidences see Appendix C):

- Out of the total respondents, 54% of them suggested provision of adequate logistics and means of transportation to revenue collectors as a solution to the revenue challenges of the KDA. The logistics include cash books or tickets, identification cards for the revenue collectors in order to restore payers' confidence in them and stickers for labeling some taxable items and vehicles on which taxes are paid. SRC said in an interview that they had several challenges in their work, for example, he remarked: *“but the most annoying problem is that the Assembly has not provided us with means of transportation, yet expects us to go to the hinterlands to collect revenue”* (SRC, 2016).
- Majority of the respondents (127) representing 75% suggested improving the efficiency of revenue collectors as a way forward. They cited adequate training, using simplified methods in the collection process and equipping the collectors with adequate logistics. Their suggestion is in agreement with Kelly's (2000) prescription that to improve revenue mobilization, tax education must be enforced by creating the awareness of tax payers as to how the tax is levied, collected, enforced and used as well as rationalizing accounting systems.
- Setting achievable targets and adequate monitoring and supervision was the suggestion of 98 respondents (58%). This, they said, will ensure hard work and reduce revenue leakages and corrupt practices. The interviewees admitted that monitoring and supervision have been inadequate and most of the time this was attributed to the fact

that the officers responsible for these functions are often invited by their superiors at the regional level mostly for official reasons. Thus, when they embark on such journeys, their core functions at the Assembly are more often brought to a standstill.

- Out of out of the total respondents (170), about 37% stated that identifying and utilizing new and effective sources of revenue is the way forward to enhancing effective revenue mobilization.
- Finally, 93 respondents (55%) noted that public education and ensuing good use of the IGF will further enhance revenue generation in the district. They further explained that the district must use the IGF for developmental projects and label them accordingly for people to know what the taxes they pay are used for. However, as stated earlier, nothing concrete has been done with the IGF in the KDA except for payment of allowances and administrative expenses – affirms the literature. This means that tax payer service is inadequate, denying them direct benefit from of their tax obligations. Hence, implementing this suggestion, they emphasized, will further encourage the tax payers to live to up to their tax obligations.

6.11 Views of the Respondents on the Development of the District

The researcher then turned his attention to the aspect of development as well as the relationship between revenue mobilization and development of the Kpandai District. The respondents were asked whether KDA funds some development projects in the district. Table 6. 20 below presents their responses:

Table 6.20 Views on Funding Development Projects

Does the Kpandai District Assembly fund some developmental projects in the district?

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	85	50.0	50.0	50.0
No	59	34.7	34.7	84.7
Do not know	26	15.3	15.3	100
Total	170	100.0	100.0	

Source: Fieldwork, 2016

As indicated in table 6.20 above, half of the respondents stated that, yes the district funds developmental projects. Fifty-nine (59) of the respondents, representing 35% answered no, while 15% said they do not know if the district funds development projects. This implies that the developmental projects may not be widely established across the district. Certainly, the positive response by half of the respondents as well as the responses of all the interviewees confirms that the KDA is really funding projects in the district.

When the interviewees were further asked ‘on what does the district expend its external funds and how efficient has that been?’, they enumerated several development projects and other social welfare interventions in the various sectors of economy as shown in the tables 6.21 – 6.23 below.

Table 6.21 Projects Funded from External Transfer (DDF)

DDF	
PROJECT	LOCATION
Construction of 1 No. Three (3) Unit Classroom Block with 1 No. Four (4) Seater KVIP Toilet and 1 No. Two (2) Open Urinal	Balai D/A Primary School
Construction of 1 No. Three (3) Unit Classroom Block with 1 No. Four (4) Seater KVIP Toilet Two (2) Open Urinal	Kabonwule D/A Primary School
Construction of 1 No. Three (3) Unit Classroom Block with 1 No. Four (4) Seater KVIP Toilet, Two (2) Open Urinal	Katiejeli
Construction of 1 No. Police Post	Kumdi
Construction of 1 No. Police Post	Kabonwule
Renovation of 1 No. Health Post	Kitare
Renovation of 1 No. Health Post	Lonto
Renovation of 1 No. Nurses Quarters	Kitare
Renovation of 1 No. Nurses Quarters	Lonto
Spot improvement of Feeder Road	Kumdi West Bank-Nikpani

Source: Kpandai District Assembly, 2016

Table 6.22 Projects Funded from External Transfer (DACF)

DACF	
PROJECT	LOCATION
Construction of 1 No. Three (3) Unit Classroom Block with 1 No. Four (4) Seater KVIP Toilet and 1 No. Two (2) Open Urinal	Buya Destiny Primary School
Construction of 1 No. Three (3) Unit Classroom Block with 1 No. Four (4) Seater KVIP Toilet Two (2) Open Urinal	Kojoboni D/A Primary School
Construction and furnishing of 1 No. CHPS Compound	Kpajai
Construction and furnishing of 1 No. CHPS Compound	Wasawasa

Source: Kpandai District Assembly, 2016

Table 6.23 Projects Funded from External Transfer (GSOP)

GSOP	
PROJECT	LOCATION
Spot improvement of Sie Akora Junction - Sie Akora Feeder Road (4.7km)	Sie Akora Junction - Sie Akora
Spot improvement of Nkanchina No. 2 - Kpakpa Feeder Road (4.40km)	Nkanchina No. 2 – Kpakpa
Spot improvement of Nfemado - Banajado Junction Feeder Road (5.00km)	Nfemado-Banajado Junction
Spot improvement of Kujar Junction - Ochado Feeder Road (5.00km)	Kujar Junction – Ochado
Spot improvement of Banajado - Ogando Feeder Road (4.90km)	Banajado – Ogando
Spot improvement of Nkanchina No. 1 - Ogegrege Feeder Road (4.40km)	Nkanchina No. 1 – Ogegrege
Spot improvement of Ogegrege - Kokoti Feeder Road (3.60km)	Ogegrege – Kokoti

Source: Kpandai District Assembly, 2016

6.12 The Impact of the Revenues Mobilized on the Development of the Kpandai District

The next objective of the study was to find out if the revenue raised are used to promote the development of the district. To achieve this goal, the researcher posed some questions to the interviewees and respondents as well as analysis of some data of the KDA. Answers to questions also spoke of the general objective of the study, which is “to evaluate the relationship between revenue mobilization and Kpandai District’s development”. The first question therefore solicited the views of the respondents (district’s performance) on the developmental projects in the district over the years. The responses received are illustrated in the table 6.24 below:

Table 6.24 Views on the Development of the District

Given the establishment grant, District Assemblies Common Fund, District Development Facility and the revenues collected, are you satisfied with the developmental projects in the district over the years?

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly satisfied	11	6.5	6.5	6.5
Satisfied	9	5.3	5.3	11.8
Not sure	29	17.1	17.1	28.8
Not Satisfied	84	49.4	49.4	78.2
Strongly not satisfied	37	21.8	21.8	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

From the response shown in table 6.24 above, majority of the respondents (71%) are not pleased with the developmental projects of the district over the years. Despite the fact that the district has been given establishment grant as a newly created district, as well as the District Assemblies Common Fund (DACF), the development projects have not been encouraging enough to please majority of the respondents. Only about 12% of the respondents are satisfied with the trend of development in the district, while 17% of them were undecided on this issue. These responses mean that the developmental projects undertaken in the district are inadequate or have not served the interests of the majority of the people. However, four out of the seven interviewees were also satisfied with the district's development.

Table 6.25 Views on Effective Translation of Resources into Development

Has the Kpandai District Assembly been able to effectively translate the available resources into development phenomena?

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	21	12.4	12.4	12.4
	Agree	32	18.8	18.8	31.2
	Disagree	49	28.8	28.8	60.0
	Strongly disagree	45	26.5	26.5	86.5
	Do not know	23	13.5	13.5	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

To ascertain whether or not the district has been effectively translating the available resources into meaningful development, the researcher posed a question to solicit the views of the respondents. The question is: “Has the Kpandai District Assembly been able to effectively translate the available resources into development phenomena”? To this question, more than half of the respondents (55%) disagreed, about 31% agreed that the district has been effective in implementing its policies, while about 14% said they did not know (see table 6.25).

Indeed, why all the aforementioned resources have impacted less on the developmental projects really called for investigation. Thus, the need to know the possible causes of the inability of the district to effect development with the available resources became imperative that suggestions were sought from the respondents concerning the causal factors. They raised the following important issues (for evidences see Appendix C):

- **Mismanagement and misallocation of the Assembly's resources**

The study found that the officials of the Assembly have been mismanaging the resource, especially using part of the IGF to fuel the Assembly vehicles for personal usage. Half of the respondents (50%) are not happy with this development and described the officials as unpatriotic and 'care less' even if the Assembly loses as they satisfy their selfish desires.

- **Improper planning and lack of skilled personnel**

Sixty-four respondents (38%) out of those who raised this issue state that development planning is inadequate and also that several personnel lack expertise to execute the development agenda of the district. They also pointed out that community participation in the development planning is low.

- **Low revenue mobilization and delay in the release of government transfers**

Some respondents (41%) blame the slow pace of development on the low revenue mobilization as well as the delay in the release of the external funds, especially the DACF. As the revenue is the 'live-blood' of the DAs, if it is insufficient, meaningful development cannot be carried out. Also when the external sources delay, the DA will consequently be constrained. This stems from the fact that the DA has to source/borrow money (which may attract interest) somewhere to make up for the continuous increment in cost of procuring the materials, goods and services used in the course of development of the district. For instance, the FPM of the Assembly cited the construction of the DCE's residence bungalow which has to be revalued (from GH¢ 140, 000 to about GH¢ 500,000) because of the increment in cost of the building materials due to the late release of funds.

- **Bribery, corruption and self-seeking tendencies**

Half of the respondents noted that bribery, corruption and self-seeking tendencies serve as a great hindrance to development. They mentioned among other things that the personnel or the management body of the district think of their bellies, pockets and relatives first before the development of the district and that they prefer to employ their relatives to man some positions even when they are not qualified, thereby promoting mediocrity.

- **Inadequate monitoring, supervision and management of revenues and resources**

About 45% of the respondents who mentioned this point stated that inadequate monitoring, supervision and management of revenues and resources is the main cause of poor performance of the district in the area of development. No wonder the management team has been overly criticized for underperformance of their responsibilities (see Appendix C).

The researcher then inquired about the commitment level of the central and district level officials to their duties towards the attainment of the objectives and goals of the district. About 79% of the respondents disagreed that they are committed to their work while 21% agreed (see Appendix C). The responses indicate that the officials or staffs of the central and local government pay lip service to their duties. When the respondents were asked the reasons for their responses, they pointed out the following:

- Those who stated that the officials are committed to their work stated further that the officials have good and effective administrative structure; they promote team and hard work between the personnel and stakeholders and they are hardworking.
- On the other hand, the majority disagreed that the staff is committed to their duties and thus, emphasized that the officials lack cooperation, team work and generally have apathy; and these are responsible for poor performance. The statement of the HRM concerning revenue mobilization system attests to this statement: *“Apart from the major towns within the district, most hinterlands don’t pay taxes because we fail to work together, motivate and monitor the personnel to collect taxes from such areas”* (HRM, 2016). Also there is the practice of tribalism, favouritism and nepotism under the watch of the Assembly’s leadership. The respondents further emphasized that the officials are not accountable to the people, and this facilitates corrupt practices, which undermine means of ensuring effective execution of developmental projects.

Table 6.26 Views on Development of the Kpandai District

What do you consider to be development in the Kpandai District?

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Road maintenance	17	10.0	10.0	10.0
	Health facilities	12	7.1	7.1	17.1
	Educational facilities	18	10.6	10.6	27.6
	Water resources	11	6.5	6.5	34.1
	Sanitation improvement	5	2.9	2.9	37.1
	Electricity accessibility	8	4.7	4.7	41.8
	Provision of market centres	1	.6	.6	42.4
	All the above	97	57.1	57.1	99.4
	Other	1	.6	.6	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

The researcher then requested the respondents to state what they consider as development in the Kpandai District. Their responses, as depicted in table 6.26 above, indicate that more than half of the respondents (57%) regard social amenities in general as the basic requirement for the development of the district. Approximately 11% of the respondents consider educational facilities as development; 10% chose road maintenance as the important indicator of development, while about 7% each pointed to health facilities and water resources. Given the high number of the respondents citing social amenities as prerequisite for a comprehensive development, the researcher argues that the majority of the respondents feel unsatisfied with the patterns of development in the Kpandai district, especially the quantity and quality of the social amenities provided. This finding is in agreement with Ankamah's (2012) one, which further clarified that the goals of transferring powers to the local governments are rather to: strengthen and expand local democracy; decrease poverty and increase the choices of the people; and to promote local, social and economic development.

Besides, when asked if the Kpandai District has developed at the expected pace, 91% of the respondents disagreed while the remaining 9% said yes (see Appendix C). Upon request to state the reasons for their responses, the few respondents who agreed that the district has developed at the expected pace stated the following: effective collaboration with development partners; commitment of the staff and team work; better access to social amenities and prudent utilization of the resources. Appreciating the pace of development in the district, the HRM, attributed that to some factors, he retorted: "*strong team work, staying*

focus on the district's vision and mission and cooperation from stakeholders, especially contractors... will enable us to effectively implement the various annual action plans of the district, and this is promoting our development” (HRM, 2016).

For those who disagreed that the district has developed at the expected pace, the factors they cited as working against the efficient development are:

- Poor infrastructure such as the markets facilities, portable water supply, schools and above all road networks – suggested by 40% of the respondents. Some interviewees, for instance, indicated that poor road network prevents the people living in the villages from bringing their harvested crops to sell in towns and this affects their economic well-being. Also, lack of educational facilities could intensify the illiteracy rate in the district, and these are obstacles to development. Lack of political will on the part of central government to ensure provision of basic infrastructure in the newly created districts is also a challenge.
- Poor revenue mobilization system and insufficient funds. This, to a large extent, affects the amount of revenue to be mobilized and which in turn affects the development. Since revenue is what is mostly utilized in developing the district, when it is insufficient, then development is in limbo.
- Bribery, corruption and self-seeking. Respondents (39%) stated that the social canker that has not been helping the district in its efforts to develop is the practice of bribery, corruption and self-seeking on the part of the officials. This, they said, is common among the management staff of the district as well as the tax collectors and contractors.

These group of stakeholders are, thus, accused of fraudulently enriching themselves from the resources meant for the district with impunity. Invariably, the district, as young as it is, will lag behind others in terms of development.

- Ineffective management; the respondents stated that the woes of the district with respect to development stems from ineffective officialdom of the district. Fifty-four percent (54%) of the respondents cited poor attitudes to work and administrative lapses as having a stake in the slow pace of development.
- Ethnic conflicts, tribalism and nepotism. The cooperation that could bring about progress in the developmental agenda of the district has been marginal, following the way tribalism, nepotism and other negative tendencies have increased in the district. This point was buttressed up by about 67% of the respondents. The ethnic conflicts that had occurred over two decades ago in the district and recent ethnic tensions have their effect on the district's revenue efforts. The FPM touched on this issue when he stated that: *“at first we refused to pay taxes to the Gonjas (who were tax collectors and managers) because of the enmity between us, resulting from the conflict. Now after the conflict, we are facing the same tax evasion from our own folks because of the bad precedent and orientation we set years ago”* (FPM, 2016). Besides, revenue collectors *“stay away from the areas of the district where ethnic tensions are looming, and they are right”* (DBO, 2016).

- Low public education on the need to pay taxes. Interestingly, some interviewees were not happy with the level of tax education as well as lack of information on the uses of the IGF, even though they need to promote that course. This accounts for the low interests of the people in the developmental activities of the district.
- Inadequate logistics has direct negative impact on the revenue generation process. For instance, tax collectors have, on some occasions, ceased tax collection because they ran out of tickets or checkbooks and stickers, leading to low revenue mobilization.
- Lack of cooperation from the stakeholders; it has been established that tax collectors are not given full support and cooperation in the discharge of their works by other stakeholders, especially the Assemblymen who inwardly think of their political interests to the disadvantage of the district.

The researcher then asked: “Which aspects of development are lacking in the district?” This question was asked to enable the researcher know which sector of the district needs the immediate developmental attention when funds become available. The responses received are shown in table 6.27 below:

Table 6.27 Views on the Aspects of Development that are Lacking

Which aspects of development are lacking in the district?

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Road rehabilitation	78	45.9	45.9	45.9
Health infrastructure	5	2.9	2.9	48.8
Educational facilities	2	1.2	1.2	50.0
Water resources	6	3.5	3.5	53.5
Sanitation improvement	3	1.8	1.8	55.3
Electricity accessibility	3	1.8	1.8	57.1
Provision of market centres	4	2.4	2.4	59.4
All the above	68	40.0	40.0	99.4
Other	1	.6	.6	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

It could be seen from the above table that the majority of the respondents indicated that road rehabilitation is a major development problem of the district; the main road in the district capital (Kpandai), for example, is so bad that it is risky to drive at 37km/h. The next high response received was that all the options provided are lacking (40%) while less than 15% singled out and mentioned health infrastructure, educational facilities, water resources, sanitation improvement, electricity accessibility or provision of market centres among other development needs of the district. The result indicates that even though almost all the basic infrastructures are lacking, underdevelopment of the road network is acute. The situation is more worrying during harvesting/crop season (and rainy season) when dwellers in the neighbouring towns and villages need to transport their produce to the various market palaces in the district.

6.13 The Impact of the External Sources of Funds

The researcher was interested in knowing the view of the respondents regarding the impact of external sources of funds on the district’s development in comparison to the IGF. When their views were sought, the responses they provided are shown in table 6.28 below. About 79% of the respondents were in favour of the statement that “external sources of funds have a greater impact on development in the Kpandai District Assembly than the IGF”. About 8% did not agree to this, while 13% simply stated that they did not know.

Table 6.28 Views on the Impact of the External Sources of Funds

External sources of funds have a greater impact on development in the Kpandai District Assembly than the IGF.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	84	49.4	49.4	49.4
I agree	50	29.4	29.4	78.8
I don't know	22	12.9	12.9	91.8
I disagree	9	5.3	5.3	97.1
I strongly disagree	5	2.9	2.9	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

These responses (in table 6.28) indicate that the external sources of revenue have greater impact on the development of the district than the IGF (e.g. Figure 6.5). Interestingly however, when an interviewee was asked whether the district gets sufficient donor funding or support, the response was: *“the donor agencies do their best to accomplish what they want to do in the district but the needs or wants of the district still remain insatiable”* (DPO, 2016).

6.14 Allocation of revenues into the various sectors of economy for development of Kpandai district

The KDA just like other DAs has been utilizing its revenues to promote development. It allocates the revenues in different sectors of economy to ensure quality service delivery and poverty reduction. Revenue allocation is normally done taking into consideration the developmental priorities and emergency situations that need immediate attention. Revenue allocation is done annually through the budget of the district, which is designed for quarterly implementation. The district ought to allocate its revenue effectively and efficiently in a way that will ensure that all the sectors get their fair share in order to facilitate integrated development. Considering the question of how the revenue of the district is used, the researcher analyzed the sector by sector allocation of the revenue in the district. Thus, if the revenue is allocated adequately to cover the needs of the most important sectors of the economy that can produce high output, then the allocation is efficient or else it is allocative inefficient. For instance, in Kpandai district (i.e. a typical agrarian young district), agricultural, educational and industrial sectors are the most vital sectors that can quickly compel development. Table 6.29 below depicts revenue allocation in the Kpandai district in 2012, aimed at promoting development.

Table 6.29 Sector by sector expenditure/budget allocation of KDA for 2012

NO	SECTOR	TOTAL ALLOCATION	PERCENTAGES
1	Central Administration	1,683,645	27%
2	Education, Youth and Sports	1,243,000	20%
3	Health	748,945	12%
4	Agriculture	328,890	5.25%
5	Social Welfare & Community Development	19,241	0.31%
6	Works	2,159,188	43%
7	Disaster Prevention	84,912	1.35%
	TOTAL	6,267,821	100%

Source: Kpandai Assembly, 2016

The expenditure allocation shown in table 6.29 above indicates that much revenue has been devoted to works and central administration. The reason for assigning high amount of revenue to works (43%) and administration (27%) is because the young district is finding means to establish itself and needs structures and logistics for effective administration. Even though education has been given a reasonable percentage (20%) of the revenue, that amount could have been higher, given its importance. Besides, agricultural sector, which is central to rural development has been given low allocation (5.25%). Moreover, social welfare and community development is given the least allocation (less than 1%). Given these expenditure allocations, the researcher argues that there is allocative inefficiency in the expenditure of the district. It is surprising that poverty, which has been emphasized in the literature as the social problem that must be significantly reduced in order to ensure development in the rural areas, is rather given less attention. This has negative implications on the developmental efforts of the district. However, it could be argued that allocating high percentage of the district's expenditure on works has a significant benefit towards poverty

alleviation. The argument is that the expenditure on works could ensure that the contractors (from the district) who undertake the works on behalf of the district get money into their pockets, and so are the youth who they employ in the process. Hence, with much regards to the first argument, the district must effectively improve on its expenditure pattern in favour of poverty alleviation in order to be able to compel accelerated development in a near future.

Table 6.30 Views on the Improvement of the Revenue System and Development
Improvement of the overall performance of the revenue mobilization system will lead to improved and sustained internal revenue mobilization and accelerated development.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	94	55.3	55.3	55.3
Agree	66	38.8	38.8	94.1
Disagree	2	1.2	1.2	95.3
Strongly disagree	2	1.2	1.2	96.5
Do not know	6	3.5	3.5	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

The researcher finally asked the views of the respondents regarding the statement that “Improvement of the overall performance of the revenue mobilization system will lead to improved and sustained internal revenue mobilization and accelerated development”. Indeed, as presented in table 6.30 above, as many as 94% of the respondents are in agreement with the statement, about 2% did not agree to it and the rest said they do not know. This means that should proper revenue mobilization systems be put in their right places; the people will be ready to cooperate with the revenue collection team to ensure

effective revenue mobilization which is equally believed to be capable of translating into improvement of their standards of living (development).

The respondents provided other recommendations for improving revenue mobilization and accelerating the pace of development of the district as follows:

The Assembly should conduct capacity building for the various sectors of the economy such as the Assembly staff members, those of the Ghana Education Service, Health sector, etc. to improve their work output. Particularly, they should organize training sessions for revenue collectors to equip them with effective revenue collection methods. They should also motivate the officials especially those from outside the district to stay at post throughout the week. The streets and property naming/addressing system that has been started should be completed to enhance revenue mobilization process.

The current Presiding Member is of the view that all the stakeholders in the district should work together because (he states): *“no head is totally empty and no head is full of all ideas so we need to work together to push our agenda forward”* (CPM, 2016). The Assembly should therefore work hand in hand with the Town/Area Councils, the Unit Committees and the tax payers to enhance revenue mobilization and promote the development of the district. The district must stay away from partisan approach to issues; right persons should be placed at the right places to ensure efficiency; normal channels of communications should be used to address issues, and persons who go wrong should be punished by invoking the bylaws to bring sanity.

As an agrarian infant district, agricultural processing industries should be established to at least reduce post-harvest losses. This will also help reduce the pressure on the farmers to rush and sell their farm produce at a cheap cost for fear of heavy losses through rotting, especially the perishable ones.

The need to educate the people regarding revenue mobilization as well as how the taxes they pay are expended. The IGF should be used to undertake concrete development projects and this will encourage the tax payers to honour their tax obligations. The revenue collectors and management should be transparent enough in order to instill confidence in the tax payers.

The government should try and release the DACF in time to facilitate the district's planning and development. The government should further empower the districts to make more bylaws to enable them generate more revenues. Additionally, the government's assistance as well as those of donor agencies should be sought to improve the agriculture sector, which is the highest employment sector of the district. By doing so, the question – 'what has been happening to unemployment?' – would have been answered in the efforts towards development.

6.15 Assessment of the Revenue Mobilization Efforts of the KDA

The analytical framework of revenue mobilization by Kelly (2000) is deployed herein to assess and explain the revenue mobilization trends of the KDA.

6.15.1 Tax identification and valuation in the Kpandai District

When the officers of the KDA were asked in the interviews as to how they identify taxable items and levy taxes on such items, the explanation was that various stakeholders in the district are invited to the fee fixing forum, where decision on what is to be taxed, how much to tax and what items to exempt from tax are taken. Thus, in the Kpandai District, properties such as buildings other fixed properties are yet to be fully captured in the revenue base. However, other common ones, such as stores and vehicles are identified and taxed. Because some properties are not covered, the revenue coverage ratio is low. According to an official, the coverage rate in the district has recently risen a little over 50%, following the collaborative effort from the Ghana Statistical Service. Thus, at the fee fixing resolution meeting of the district, issues that are considered include the available taxable items and the ability-to-pay by the tax payers. When this is granted, easy tax collection can be guaranteed. The District Financial Officer (DFO) noted that property tax is not fully explored in the district and that only shops and vehicles are taxed and this limited tax base has been affecting the district's ability to raise the required revenue for development. Indeed, at the time the study was done, Town and Country Planning officials were invited to do proper demarcation and lay out in the district in a way that can enable property valuation and taxation. Hence proper tax identification and valuation are yet to be effectively implemented by the KDA.

6.15.2 Collection and enforcement

With respect to tax collection, KDA has not been performing well from the time of its creation until in 2014 when it performed quite creditably and thereafter slackened. Kelly (2000) prescribed that tax education must be enforced by creating the awareness of tax payers as to how the tax is levied, collected, enforced and used as well as rationalizing accounting systems for effective revenue mobilization. These issues lack firm roots in this young district. Additionally, the study found some other challenges that drain the district's efficiency in revenue mobilization. The challenges include: the inability to send bills to all the prospective tax payers and over-concentration of revenue collectors on some revenue items to the neglect of others. More to the point, some tax collectors exempt friends and family members from tax obligations; there are no designated collection points to enhance voluntary payment and also there are corrupt practices such as connivance between tax payers and tax collectors to cheat, and under invoicing. For instance, an officer interviewed relates thus: *“when a revenue collector goes to collect tax and the tax payer says he or she has no money, but he or she is selling fish, the revenue collector collects fish and goes away...”* (DDCD, 2016). These issues translate into low revenue mobilization and inability to achieve revenue targets.

Elvis (2015) citing the United Kingdom Department for Communities and Local Government (2013) indicated that when collecting and enforcing taxes, especially for persons who fail to comply with tax regulations on time, adequate information should be given to the tax payer on the need to honour tax obligations. The regulations thus stipulate

that where a payment is overdue, a bill payer should be given at least three statutory communications before further action (Elvis, 2015). These prescribed orders of ensuring good revenue mobilization are simply inadequate in many MMDAs in Ghana including the KDA, limiting their efficiencies.

A follow up question about rating the tax “collection ratio” received this answer: “*for tax collection ratio in the KDA, I will say, it is a little above average*” (the DDCD, 2016). The causes of poor collection identified by the interviewees include poor tax education, inability to enforce collection by arresting and prosecuting defaulters and lack of motivation for the collectors. These findings justify the use of Kelly’s (2000) theory in guiding this study. The theory clearly explains these factors and it is a better option for analyzing revenue performance and could as well serve as guideline in making tax reform recommendations to the various levels of government. Hence, the relevance of Kelly’s (2000) theory, especially to this study, cannot be underestimated, given its usefulness in explaining revenue issues especially those relating to tax systems.

6.15.3 Dispute resolution and tax payer service

When it comes to dispute resolution regarding tax collection, little is achieved in this line of action. The reason is that the district has not got its own court to easily prosecute revenue defaulters/wreckers. In addition, revenue task force is inadequate. Hence, revenue legislations in the Kpandai District are simply not effectively applied. The result of this situation is poor revenue mobilization and this in turn has led to poor service delivery. For instance, as stated earlier, nothing concrete has been done with the IGF in the Kpandai

District except for payment of allowances and administrative expenses. This means that the tax payers do not directly benefit from the fruits of their tax obligations.

6.16 Assessment of the Contributions of the Various Sectors Necessary for a Holistic Development of the Kpandai District

The district is committed to development and as such a way forward has been to put in place: a formidable micro economy to help limit the extreme poverty. Poverty is the social problem whose incidence in the communities of the district has been so high for decades. Thus, when the news of the creation of the district was first received, the people became jubilant with relief and optimism that their poor living conditions will improve. Frankly, the mission statement of the district is justified, as it aims at reducing poverty by improving the livelihood of the people through the provision of socio-economic infrastructure. Thus, to achieve the objective of poverty reduction, the district has concentrated on infrastructural development in several sectors. Nonetheless, the Integrated Rural Development (IRD) Approach, which advocates a holistic approach to development is what is required in order to accelerate the total development of the district. To this end, the IRD approach is deployed herein to assess development in the Kpandai District.

As discussed in chapter three, the IRD model aims at attaining the betterment of groups of people living in rural areas as well as sustaining and improving rural living conditions through the redistribution of central resources (Nemes, 2005: 24). As the name suggests, the approach ensures that different sectors are coordinated and integrated by the KDA to bring about holistic development, with emphasis on agriculture sector. Accordingly, Pressman

and Wildavsky (1973) indicated that the extent to which successful implementation (e.g. development program) is achieved is dependent on linkages between different departments and organizations at the local level (implementing agencies). The study therefore assesses the contributions of various sectors in the district to development; and the sectors, as discussed below, include the agricultural, health, educational, and economic sectors.

6.16.1 The agricultural sector

The agricultural sector has largely been the driving force that propels the larger portion of economic progress in the district. This sector accounts for employment of 90% of the district's labour force. Prior to the creation of Kpandai District, the sector was poorly developed, characterized by the use of simple tools and implements for production and making it unattractive for the youth. Likewise, lack of improved irrigation facilities has not encouraged the practice of dry season farming. However, the recent creation of the district has seen increasing improvement in the agriculture sector especially farming with simple tools (giving way to mechanized farming). Thus, unlike the past decades when the perception of many people was that farming is for the poor and uneducated people, the recent earnings in this sector has attracted many youth especially educated ones who also engage in farming (mostly yam). The produce from the sector is what the people in the district (the personnel of other sectors inclusive) mostly feed on and as highlighted earlier, the development process kicks start with the increase in productivity of agriculture. Thus, the KDA has put in place certain programs to improve on agricultural production. It has, for example, improved on the rural road networks (although not fully satisfactory) to aid the

farmers to easily transport their produce to market places. Also the District Assembly in four communities, embarked on 15 hectares afforestation of degraded lands as well as supports food security initiatives in several communities (Ghana Statistical Service (GSS, 2014)). It is generally believed that when the agriculture sector is further improved, apart from raising the living standards of the rural folks, KDA could generate more revenue from the larger population that is involved in this sector.

The integration of the sectors of economy (prescribed by IRD model) aids development. Kpandai District for example, has forward linkage between agricultural sector and industry. This is clear in that, the agricultural sector produces raw materials to feed the rural industry, which in turn produces inputs, such as farming implements, fertilizer, agro chemicals, etc. to feed the agricultural sector. Moreover, transportation sector improves the agricultural sector and benefits the farmers because, buyers can easily travel to the rural areas to purchase farm produce, minimizing the need for farmers to travel as far as the national capital to sell their farm produce (yet get his sweat worth). Similarly, education sector relates to the agricultural sector through training the extension officers and equipping to assist the farmers with improved methods of farming, provide them with improved seedlings and species of animals, among others. Agricultural sector also provides, at least, food for student, teachers and workers in education sector. Hence, without food, quality education cannot be attained and without education, agricultural production cannot be maximized.

A critical look at the status of agriculture sector in the Kpandai District however, falls short in one way or the other. Farmers do not have access to credit facilities to enable them expand

their farms for better gains. Lack of improved agricultural processing industries has also left the district in need. Even though the researcher found some positive relationship between agricultural sector and the industry, it is unfortunate that because of lack of improved processing industries in the district, the agriculture sector rather produces and supplies raw materials to other districts. This situation undermines the variable of self-reliance of local actors and the IRD approach, which emphasizes on integration and improvement of the agriculture sector and other sectors for holistic development.

6.16.2 The health sector

Within the health sector the district has undertaken some projects aimed at improving on the health delivery. The capacity of the health facilities is presented in table 6.21 above and table 6.31 below. These health facilities serve the communities 24-hours a day throughout the week. Ambulance services have been provided to the district. This integration of the transport service with the health sector could enhance accelerated rural development through improvement of quality of health of the people. Unfortunately, the ambulance keeps experiencing frequent breakdowns due to poor nature of road network.

The sector has a challenge of inadequate staff capacity which works against efforts to improve and expand quality healthcare delivery. For instance, the doctor to population ratio in the district stands at 1: 115,219 while that of nurse to population ratio is 1: 1,557, far below the expected. This sector could be enhanced if the KDA integrates it with, and improves on, the educational sector. Thus, when many indigenes of the district are educated, some of them will come out as health professionals to solve this challenge of inadequate

staff capacity in the health sector. However, despite the challenges, the sector has been improving gradually and additional effort is required to improve the staff capacity so that the district could improve on its health status. The evidence of health facilities and staff situation in the district is shown in the table 6.31 below.

Table 6.31 The Health Facilities and Staff Situation in the Kpandai District as at 2014.

FACILITY	NUMBER	REMARKS
Hospitals	2	4 required
Health Centres	10	Five (5) of the health centres are mission health centres
CHPS Compounds	5	Three (3) of the five are yet to be furnished and used
Category	No. at Post	No. Required
Medical Officer	2	4 officers required
Medical Assistance	2	13 officers required
Prof./General Nurse	24	28 required
Dispensary Assistant	1	4 required
Midwife	3	10 required

Source: Kpandai District Assembly, 2016

6.16.3 The education sector

The KDA aims at improving on the human resource capacity in the district and as such is committed to improving the quality of, and equitable access to, education as a way forward. Thus, many school infrastructures and teachers' bungalows were provided from the DACF, DDF and GSOP Funding (see tables 6.21, 6.22 and 6.23 above). Also, educational materials such as 758 free uniforms and 8,595 exercise books had been distributed to public basic school pupils by 2012 in the district. Additionally, students pursuing tertiary education in the district are financially supported with the sum of GH¢ 20,000 from the quarterly

allocation of the DACF as District Education Endowment Fund. By making good use of the school feeding program, which currently covers 20 schools, the enrolment has, remarkably improved and table 6.32 below shows the statistics of the school feeding program in the Kpandai District. Additionally, the current implementation of the Free Senior High School education program will enhance the impetus of the district in improving its education sector at a reduced cost in a manner that will inure to the benefit of the upcoming youth. The district believes that by improving the education sector, skilled personnel will be produced in professions such as medicine, nursing, teaching, agriculture, administration, engineering among others. Conversely, low investment in the education sector will affect other sectors in the long run by making them less efficient. For instance, low education will mean that qualified and skillful personnel to provide manpower required for the formal sectors will be lacking. Thus, the district may be compelled to procure such services from outsiders and this is a disincentive to integrated and holistic development of the infant district (Kpandai District).

Moreover, unemployment situation which needs to be reduced in order to fight poverty would relatively remain undiminished if education sector is not improved. Besides, other sectors are integrated with the education sector in the sense that, they could utilize the services of persons produced from education sector. However, persons with low education, for example in the agricultural sector, may not be able to maximize production or economies of scale, since high education has the potential to reduce cost of production than low education. These reasons account for the district allocating 22.16% of its 2013 budget to

this sector (see table 6.33) better than the 2012 budget, which allocated only 20% (see table 6.29). Nonetheless, the education sector is directly related to other sectors of economy and integrated with them in the process of district's development. Thus, the district's development priorities and efforts are in line with the IRD approach to rural development, yet much could be expected from it. Table 6.32 below indicates some KDA's effort in the educational sector. Indeed, as stated earlier, it is to be expected that the implementation of the Free Senior High School education policy will encourage the district to further reinforce its commitment to promotion of the education sector.

Table 6.32 Statistics of the Ghana School Feeding Program (GSFP) in Kpandai District.

	TARGET	ACTUAL
NO. OF SCHOOL BENEFITING	24	20
NO. OF STUDENTS/PUPILS BENEFITING	9,450	9,535

Source: Kpandai District Assembly, 2016

6.16.4 The economic sector (commerce and industry)

This sector contributes about 10% of the labour force in the district. Commerce and industry are recently growing significantly within the district. Both commerce and industry constitute one of the district's hopeful sources when it comes to revenue mobilization by the KDA. The district has six main markets that come off on a shift system within six days and located in six localities of three Area Councils. Nonetheless, these markets provide significant revenue (IGF) to the District Assembly and as such steps have been taken (though less appreciable) to improve on the market systems to enhance economic activities by constructing market stalls in some few areas. Despite the remarkable revenue contributions

from this sector, it is unfortunately poorly developed especially market infrastructure and commonly dominated by kiosk owners, petty traders, and transport owners. The industry in the district is on a small scale which relies largely on local resources and ‘know how’. They include: agro-processing (e.g. food processing, oil extraction and ‘Akpeteshie’ distilling), dress making, carpentry work and blacksmithing. Thus, the district must concentrate on improving the industrial sector if it is to make significant progress in ensuring holistic development. The reason is that low industry means that the district will only be the producer and distributor of raw materials which command low prices. However, per the IRD approach there will not be a comprehensive development if an area’s industry relies solely on external raw materials or produces raw materials without industry to add value to them. It is therefore a good decision for apportioning the highest percentage of the 2013 budget (29.2%) for works, much of which goes into this economic sector.

Table 6.33 Sector by Sector Budgetary Allocations of the KDA in 2013

NO.	SECTOR	TOTAL ALLOCATION (in GH¢)	PERCENTAGE
1	Central Administration	1,386,466.00	20.68%
2	Education, Youth and Sports	1,485,426.00	22.16%
3	Health	555,000.00	8.28%
4	Agriculture	1,273,568.00	19.00%
5	Social Welfare & Community Development	12,647.00	0.19%
6	Works	1,958,560.00	29.21%
7	Disaster Prevention	32,780.00	0.49%
	TOTAL	6,704,447.00	100%

Source: Kpandai District Assembly, 2016

6.16.5 Information and Communications Technology (ICT)

Information and Communications Technology (ICT) is a sensitive sector that easily propels development in this modern time. ICT is the fastest and surest way of making the IRD approach workable in the rural areas. It enhances easy connection and integration of the various sectors within the local governments jurisdictions and promotes their prospects of attracting foreign investors, partners and donor agencies. It also cuts down costs of doing business, saves time, reduces stress and enhances revenue mobilization, especially areas in which tax evasion is common.

The information and communications technology in the local governments, indeed, improves procedures, techniques and processes in local governance and cuts back on transaction costs. In the operations of DAs, ICT enables easy access and flow of information, enhances accurate records keeping and allows for transparency and accountability in the revenue mobilization and management. Newly created District Assemblies need to step up efforts in promoting, using and sustaining the ICT in order to propel accelerated development. Undoubtedly, when the DAs deploy ICT in their operations, they will be able to effectively link all the sectors of economy, improve on the security situations and chance will be created for them to benefit from foreign donors who could easily access sufficient information of the districts.

The researcher found that the KDA has no efficient database to enhance revenue mobilization efforts. It also lacks website, which has been a source of advertisement and marketing strategy for some districts to the foreigners to attract investment opportunities

and donor support. Indeed, the relevance of the ICT in the current global setting is so extensive that DAs cannot afford to continue lagging behind in the wake of competitions for development, especially the newly created districts. Hence, it is about time the KDA capitalized on ICT to improve on its revenue efforts as well as co-ordinate and integrate the sectors of economy vis-à-vis the IRD approach to propel accelerated development.

6.17 Poverty Situation in the Kpandai District

Poverty generally refers to the condition of a people in which they find it very difficult meeting their basic needs for shelter, food, clothing, among others. It is a central problem accounting for underdevelopment in most local governments Sub-Saharan Africa including Kpandai District. Gender perception of poverty, especially in newly created districts varies. Men generally perceive poverty to be lack of assets such as houses, vehicles, shops, jobs etc. to enable them marry and take care of their families while women think of poverty in terms of inability to provide three square meals a day. The gender implication on poverty varies because each gender faces different sets of problems due to their perceptions. For instance, it is believed that men are responsible for providing shelter, food, clothing, etc. of the family while the women among other things must prepare food, care for children and generally maintain the sanity of the household. The consequence of this is that more men than women are involved in the activities of the KDA. For example, as at 2015, only two female Assembly Members were in the KDA out of the 39 purposely to secure well paid jobs to overcome what they perceive as poverty.

The literature has emphasized poverty reduction as a recipe for compelling local development; for instance, dealing with the question - ‘what has been happening to poverty’? Unfortunately, the KDA has undertaken rather less efforts in that direction. Even though social intervention policies to eliminate poverty have been implemented in the district, the budgetary allocation to it depicts less commitment. For example, the 2013 the budget/expenditure allocation for social welfare and community development was just GH¢ 12,647.00 representing 0.19% of the total expenditure allocation (see table 6.33 above). They have provided social interventions such as supporting needy but brilliant students to pursue high education, treating fistula cases in the rural communities, and training and equipping unemployed youth with basic skills that can earn them a living. However, poverty reduction will not be achieved in the short run if more funds are not set aside for social interventions, especially catering for, and improving, the poor. This finding confirms the statement of Mohammed (2014) that local governments’ spending on poor local areas is insignificant. Hence, KDA needs to commit reasonably sufficient funds into programs that are meant for poverty alleviation such as creating employment opportunities for poor and equipping them with skills to be able to fit into such employment avenues. It should also complement the efforts of the Ministry of Gender, Children and Social Protection in implementing some of its (the ministry’s) programs: providing reliable markets for local farmers, improving the health status of pupils, Livelihood Empowerment Against Poverty (LEAP) and delivering improved nutrition for disadvantaged school children (MGCSP, 2016).

6.18 Peoples' Participation or involvement in the planning and implementation activities of the KDA

Participation simply refers to adequate citizens' involvement in and influence over local governance (Ahwoi, 2010). It promotes civic consciousness as well as political maturity. Huther and Shah (1998) established that greater citizen participation, social justice, more political and democratic accountability, and improved economic management were associated with fiscal decentralisation. Women participation in decision making in KDA is however, very low and leaves much to be desired. The DDCD disclosed that, as at 2015 the district could only boast of two female participating in the activities of the district as Assembly Members. Even though this is related to low education in the district especially among the female, mechanisms like affirmative action could be used to get some educated ones on board. Besides, the characteristics of the IRD model include integration of all the sectors of the economy with emphasis on the agriculture sector, as well as coordination of public goods and services. These could be effective when the people are actively involved (participation) in the activities of the district with a great desire for its development.

Van Horn and Van Meter (1975) pointed out that without effective communication, compliance with the laws and collaboration among the decision makers and policy implementers; success (especially in implementation of developmental programs) cannot be achieved. In addition, the network of actors and different policy implementing agencies at the actual policy delivery point need to communicate effectively. The actors should also be capable of modifying certain directives in time in order to attain the goals of the policy. This

is however also limited within the arrangement where policy or decision makers expect straightjacket compliance from the DAs. However, per the findings of these scholars, participation of the local people in the planning process of the district's development is meaningful if the developmental preferences of these local people are to be considered so as to enable unified cooperation.

The KDA has, on some occasions, involved the people in its activities such as planning and implementation. In an interview with an official of the District Assembly, the researcher was informed that stakeholders do participate in the Assembly's meetings, especially fee fixing resolution but the majority of the population are passive especially when it comes to developmental activities such as clean up exercises. He said: *“One of their misconceptions, which accounts for low participation in the district's developmental activities, is that they think it is the responsibility of the government to carry out development activities”* (FPM, 2016). The local people therefore complain that they pay taxes to the Assembly, so the Assembly has to use part of the revenues realized to maintain the district, for example, ensuring proper sanitation in the district and catering for development activities in the communities.

Moreover, the Unit Committee members who are supposed to be the medium between the KDA and the communities are also dormant in promoting popular participation for development due to low motivation. This situation means that the basic requirement of the IRD model – positive interaction between local and outside institutions in the district – is not promoted enough. Hence, it can be concluded with conviction once again that these poor

interactions could have caused the cessation of a source of revenue to the district (other income) after 2012.

Besides, in order to promote accelerated development, the MMDAs are given the Districts Common Fund by the central government, which then dictate to them (the MMDAs) the formula for disbursing it. The central government may, for example, determine that such and such percentage of the fund should go into the disability fund, educational sector, health sector, etc., which may deviate from the developmental priorities of the districts. This top-down model of implementation, where most decisions are made at the top level leads to lop sided development instead of the anticipated accelerated development. The reason is that frustrated stakeholders at the implementation end in these MMDAs feel unsatisfied with the central government's dictations and may sabotage the developmental policies rather than support them.

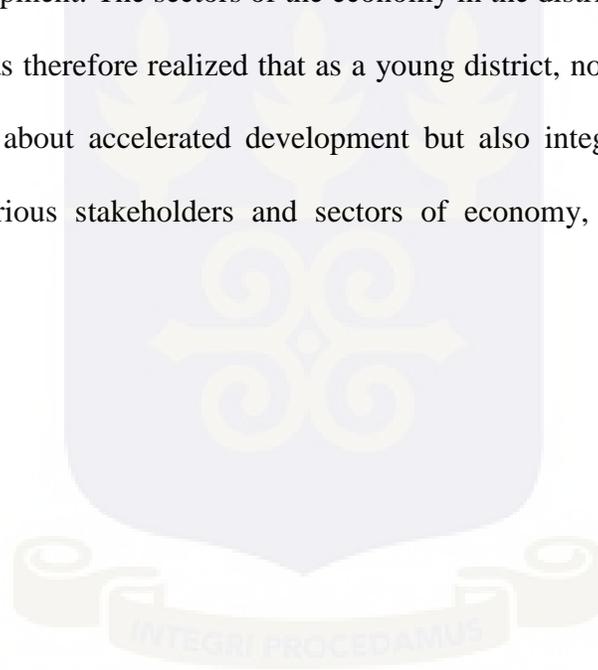
The researcher therefore argues that when decisions are taken from above without regard for local participation, policies may suffer from lack of cooperation from the local people, opposition from uninterested groups and total rejection if such policies run contrary to the belief systems of the local people. For instance, DDCD (2016) hinted that, a school building cited in the middle of two communities in the Kpandai District for their benefit was abandoned by one community. This community claims that it was not adequately consulted and the naming of the school also appears to reflect the name of the other village and not theirs. Their children therefore travel long distances to attend other schools when they could

easily access and patronize the newly established one. This is an evidence of the consequences of not involving the local people in the development planning process.

Ideally, the district development plans must reflect the development preferences of the local people especially in the young districts like the Kpandai district, in which the available resources ought to be prevailed over by the local needs in a bottom-up approach. This could encourage popular support, which in turn will help to reconcile the issues surrounding services provision to the communities and the taxes payment/collection. Unfortunately, what is evident in the KDA, as highlighted above, is rather top-down planning process. The local people are not adequately consulted before vital developmental decisions are taken. Commenting on this issue, SRC (2016) stated that the local people complain a lot; *“they query us on grounds that we sit in our offices and decide anyhow as to what to use their tax monies for without their consent, yet expect them to always live up to their tax obligations”*. Thus, the communication links between the District Development Planning Committee and the local people, especially in the villages, is simply weak and underutilized. The researcher herein argues that, until the stakeholders come together to prioritize district development through encouraging local participation in the decision making process, the accelerated development will continue to suffer setbacks due to low support.

6.19 Conclusion

The chapter presented the primary and secondary data collected from the field. By means of SPSS and content analysis of secondary information, the researcher assessed the revenue mobilization situation in the newly created district, Kpandai District specifically. How the revenues are generated and utilized to accelerate development was assessed. With the aid of Kelly's (2000) analytical model for revenue mobilization, the researcher established that the district has been mobilizing low revenue and this has not enhanced its efforts at ensuring accelerated development. The sectors of the economy in the district were discussed per the IRD model. It was therefore realized that as a young district, not only enough revenue is required to bring about accelerated development but also integration and collaborative efforts of the various stakeholders and sectors of economy, coupled with allocative efficiency.



CHAPTER SEVEN

SUMMARY, CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

This chapter summarises the key findings of the study and draw conclusions and the recommendations from the study. The findings of the study have been the bases on which conclusions have been drawn as well as the workable recommendations for future policy-making and research in this study area.

7.2 Summary of Findings of the Research

Following the first objective of the study which aimed at identifying the main sources of revenue to the KDA, the study found that three key revenue sources are currently available to the KDA for revenue mobilization. These are the central government transfers, which includes the DACF and the DDF; the donor support and the IGF, which is mobilized locally within the district. The IGF sources in the Kpandai district include rates, fees and fines, lands, licenses, rent, and miscellaneous. This finding supports the literature, especially the classification of revenue sources by Sarpong (n.d). However, the study establishes that there are other potential sources of revenue that are not utilized to the advantage of the district. For instance, the quarry sites and tourist sites could be developed and harnessed to benefit the district. The newly created districts therefore ought to be empowered to explore and also, pass the necessary legislations to enable them utilize potential revenue sources. Besides, in spite of the good number of the IGF sources of revenue currently available to

the KDA, their total contribution to the development efforts of the Kpandai District is highly insufficient. Also, revenue from “other income” source from the voluntary contributors and philanthropy has ceased after the 2012 fiscal year.

Another important finding of the study is that the district has no solid investments on its own. Although public sectors have not been doing well especially in Ghana, as an agrarian district with fertile lands and characterized with high crop production, the KDA could maximize profits if it takes to local industrialization through investment. Additionally, there is lack of transparency in the activities of the KDA. This lack of transparency has negative impact on the revenue mobilization process of the district. This finding is in agreement with that of The UN (1996) cited in Ankamah (2012: 33). The researcher therefore states that, until transparency is improved, local industrialization established and peaceful coexistence promoted, the district will, for long time to come, be dependent on central government for every major policy or program implementation.

Moreover, the second objective of the study aimed at finding out the revenue performance of the KDA. The study found that the Kpandai District has not satisfied most of the criteria for effective revenue mobilization especially as established in Kelly’s (2000) analytical framework for revenue mobilization. Consequently, the district is unable to raise adequate revenue to meet its developmental responsibilities. The reasons for the above include inadequate database on revenue items, non-enforcement of bylaws regarding revenue mobilization, and inadequate and ineffective revenue collection system. Others are revenue leakages due to corruption and mismanagement, lack of effective monitoring and

supervision, inadequacy of motivation of revenue collectors and selfishness, thus, contributing to low revenue and slow pace of development of the district.

Regarding the third objective of the study, which sought to find out whether the revenue raised has been used to promote the development of the district, the study found otherwise. It established that the IGF is not being used for developmental projects but for administrative purposes and payment of wages of casual workers and allowances of the workers. What is used for developmental projects is the central government transfers. The officials justify this by citing the low amounts of IGF believed to result from the factors aforementioned. This affirms the literature reviewed and consequently accounts for the poor collaboration and participation of the people in the activities of the district.

Another finding of the study is that the interrelationships between the stakeholders in the district are poor and as such many people in the district are not aware of certain important issues in the district. The lack of information, especially about how the taxes they pay are expended, has made them show apathy and thus participate less in the developmental activities of the district. Hence, until they are better informed and actively involved in the activities of the district, they would not willingly and actively contribute their quota to the development of the district, especially honouring their tax obligations.

In relation to the general objective of the study – to evaluate the relationship between the total revenue mobilization by KDA and the district’s development – the study established that positive relationship exists between revenue mobilization and development in the Kpandai District. From the data analyzed, it was found that the IGF mobilized since the establishment of the KDA has been so negligible that, its impact is not felt particularly in the infrastructural development. The general belief is that if the district is able to increase IGF mobilization significantly then accelerated development can be achieved. On the other hand, continuous low revenue generation will compel the district to borrow, which attracts high interest, in order to be able to fulfil its basic mandates – a disincentive for accelerated development.

Nevertheless, the fourth objective of the study is to identify the challenges encountered in the mobilization and deployment of revenue for the development of the district. Thus, the researcher found that, although the stakeholders in the district are doing their best to ensure development, the perception of many people is that the pace of district development leaves much to be desired. Some factors have been noted as impeding their efforts thereby making the development of the district unsatisfactory. These factors include: inadequate social amenities especially road network; bribery, corruption and self-seeking especially on the part of the officials of the KDA; ineffective management; ethnic conflicts, tribalism and nepotism; and low revenue mobilization. Most of these factors have been adequately presented and tackled in the literature but what the study found demanding better attention among these factors is ethnic conflicts, tribalism and nepotism.

Based on these identified challenges, among other findings, the study was concluded with some recommendations (presented below) that are hoped to provide solid panacea to the issues of poor revenue mobilization and unsatisfactory development in the Kpandai District, a district among the newly created ones. These recommendations satisfy the requirement of the final objective of the study, thus, “to recommend measures for improving revenue mobilization and accelerating the pace of development of the district”.

7.3 Conclusion

It can be concluded based on the findings of the study that the Kpandai District Assembly generates rather insufficient internal funds which is purposely meant for supporting its developmental programs and thus, is forced to over rely on the District Assemblies Common Fund and other central government subventions as well as donor support. The factors accounting for low internal revenue mobilization include inadequate logistics for revenue collectors and managers, unreliable database, inadequate tax education, under invoicing, irregular enforcement of the bylaws, ethnic conflicts and general insufficient motivation of the revenue collectors which leads to revenue leakages. All these are consistent with the literature except ethnic conflicts, which requires better emphasis (as a complement to this study).

Lack of reliable database for the management of KDA has made it difficult for them to formulate good revenue policies and prepare comprehensive budgets. Subsequently therefore, the KDA is unable to effectively fulfil its mandate of meeting its political and socio-economic obligations to the people. Thus, the study further concludes that there is

direct relationship between revenue mobilization and development in the district. The more various revenues are mobilized, the more the district is able to carry out its developmental responsibilities and vice versa. In recent years however, the study established that, the district has lost revenue from some other sources such as contribution in kind or cash and philanthropic giving, which at the time of the establishment of the district was a remarkable source.

Regarding the overall development of the district, the study concludes that even though the district has not developed at an expected pace, significant progress has been made, given the increasing number of projects and infrastructural development coming up in the district in recent years. Invariably, the study also concludes that diversification and utilization of several revenue sources to promote accelerated development is very necessary if the KDA is to be *Primus inter pares* in bringing improved quality of lives to its populace. Thus, the study further concludes that indeed, the Kpandai District has developed after its creation but at a very gradual pace. Hence, given the insufficiency of the internally generated revenue of KDA and low level of development, the KDA has to be proactive and innovative enough to come out with ideas that are capable of enhancing its internal revenue generation and accelerated development.

Moreover, the study did not find many discrepancies in the literature. In other words, the study confirms the literature, especially, the revenue items in the local governments and their efficacy in the developmental agenda of the local areas. It also confirms: low participation of the local people in the local governance, especially women; mismanagement of resources of the KDA;

and slow pace of development due to low attention given to poverty reduction strategies/programs as well as effective integration of the sectors of economy.

Finally, the study however found some few issues pertaining to values and practices in the newly created districts that need further research to establish how they can be effectively managed to benefit the districts concerned. These issues raised by the study include the observation that the local development sectors are not well developed, linked and coordinated. In addition, the ICT is not effectively deployed and utilized in the KDA. The study also identified some new/potential revenue sources that could improve the revenue status of District Assemblies; revenue efforts of the newly created districts lack some good criteria for effectiveness; and that ethnic conflicts, tribalism and nepotism have a great negative impact on the mission and vision of the newly created district (KDA in particular) as well as the MMDAs in general.

7.4 Implication for Future Research

As a case study, this research was limited to the Kpandai District Assembly in the Northern Region of Ghana because of resources and time constraints. The study was centred on the impact of revenue mobilization on the development of newly created districts (the case of Kpandai District). By implication, the findings of this study cannot be generalized or directly extended to all the District Assemblies in Ghana. Moreover, some data on revenue details for 2009 and 2010 as well as the costs of the developmental projects undertaken in the district, which could further enhance the analysis, were unavailable to the researcher. Thus, future research in other newly created districts is necessary in order to do comparative

studies of the districts and establish the efficacy of applying the findings to all districts in Ghana.

The researcher infers from the data analysis that effective fiscal decentralisation is a sound solution to the challenges of rural level development, confirming the literature. However, the study also suggest that this is true to the extent that local governments (Kpandai District as a case study) are able to effectively mobilize adequate revenue and ensure allocate efficiency of the revenues in the various sectors of economy in the local areas.

7.5 Recommendations

Much effort is needed by the newly created districts to improve on the overall revenue performance as well as the systems used in generating their revenues in order to enhance their accelerated development. Thus, the following recommendations are provided to address revenue and developmental challenges of the MMDAs in general and the newly created districts in particular (case study of Kpandai District):

The Kpandai District Assembly should identify new potential sources of revenue and thus, widen its tax net for more revenue so as to cope with the growing need for expansion and creation of new infrastructure and jobs. Property rate, which is the highest source of IGF of many older MMDAs, should also be fully exploited by the Assembly in order to maximize revenue from it. Also improving agricultural production and establishing industries for processing agriculture produce to avoid post-harvest loses can go a long way to enhance

revenue mobilization, since the people will get income and will readily pay taxes to the Assembly.

The KDA should recruit and train more revenue collectors, especially the commissioned tax collectors, to enhance adequate revenue collection for the Assembly. The revenue collectors must be encouraged to be more aggressive, for naturally no one is ready to pay tax if proper compliance systems are not put in place. They should not be stationed at one area for too long. They should be reshuffled from time to time (yearly) to discourage undue considerations for, and reduction of tax rate for some tax payers because of too much familiarity with them. The tax collectors and members of the task force should also be motivated enough with incentives to put up their best in revenue mobilization and avoid unnecessary tax leakages.

The Assembly should embark on effective education of tax collectors and tax payers on the procedures, the rationale, their responsibilities and obligations in relation to tax collection and payment and general revenue issues. This will further enhance the Assembly's revenue mobilization. It is also recommended that the district should undertake accurate property valuation and develop reliable database on the taxable properties. The third largest source of revenue to KDA is rates. Determining rates is based on valuation of property. But in the district, this is lacking. Thus, capacity building for the Assembly staff and developing database for the Assembly will enhance property valuation and effective mobilization of revenue (IGF) in a transparent and fair manner.

Tax leakages should be prevented by putting in place effective and reliable measures. The KDA should, as a matter of urgency, establish and maintain an effective task forces or tax enforcement bodies to arrest and prosecute tax defaulters or at least ensure their compliance with tax laws so as to deter others from intentionally shirking their tax obligations. The task force should be made proactive by equipping them with means of transportation and other resources to enable them set up a number of checkpoints and control the entry and exit points. This control measure will help reduce the tax evasion by vehicle owners. Also resourcing the internal audit unit and the district finance management with adequate logistics such as quality tickets, computers and vehicles will enable them to perform their roles creditably well. They should be encouraged to be more transparent in the effective use of resources of the district.

The KDA should arrange for several payment points to give comfort to the tax payers to pay their taxes at their convenience without being harassed by the taskforce of the Assembly. Efforts should be made by the Assembly to get a court established so that persons who evade tax could be easily prosecuted to serve as deterrent to others. Code of conduct for the staff members with respect to revenue mobilization and management should be upheld and enforced, coupled with internal control systems against corrupt practices. Thus, those engaging in fraud in the process of revenue mobilization should be appropriately sanctioned in order to, at least, reinforce compliance with tax regulations. The government should further enhance the powers and autonomy of the MMDAs to enable them flexibly make and enforce bylaws to promote their revenue mobilization and development.

The district should actively involve and encourage the seven Area/Town Councils to be more effective in revenue mobilization by setting challenging but achievable targets for them. Also, attractive incentives should be given to the Area/Town Councils that is able to attain the target set for it. The members of these communities must be encouraged to be actively involved in the Assembly's activities. Moreover, more women should be, at least, appointed as Assembly Members of the district under the provision of 30% allocation for the central government appointment to enable them participate in the development of the district. This will help cater for the problems associated with different perceptions of the gender or gender biases.

The Assembly should prioritize its activities and, more often, involve the communities. Community members should thus be encouraged to question revenue collectors on issues relating to revenue, and the revenue collectors too must be well trained and equipped enough to be able to satisfactorily answer any question posed to them.

Above all, the central government should complement the revenue mobilization efforts of the newly created districts by releasing their quarterly DACF on time; assisting the districts to improve on agricultural production by establishing agricultural processing industries in order to create jobs for the people and facilitate development.

Development sectors such as industrialization and manufacturing should be promoted and expanded and well integrated with others such as agriculture, health and education so as to bring about holistic development in the Kpandai District.

The district should eschew tribalism, favouritism, nepotism and partisan approach to issues through diverse ways such as revoking the principles of merit and qualification in recruiting and placing the right employees at the right places so as to ensure efficiency. Moreover, efforts should be made to ensure that all the tribes get their fair share in the employment and job opportunities in order to prevent any likely tribal conflict associated with vertical or horizontal tribal inequalities. Additionally, normal channels of communications and user friendly technology should be used to promote work output.



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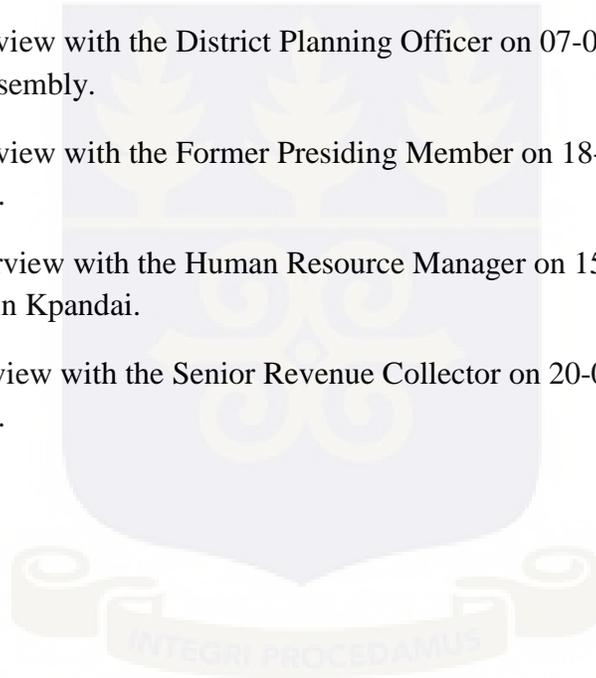
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HRM (2016). Interview with the Human Resource Manager on 15-09-2016 at the District Assembly in Kpandai.

SRC (2016). Interview with the Senior Revenue Collector on 20-09-2016 at his residence in Kpandai.



APPENDICES

APPENDIX A

UNIVERSITY OF GHANA, LEGON

Department of Political Science

Questionnaire for data collection from the Kpandai District.

(PURPOSELY FOR ACADEMIC WORK)

Topic: An Assessment of the Impact of Revenue Mobilization on the Development of Newly Created Districts in Ghana: The Case of Kpandai District.

Research Student: Salisu Fusheini (Phone Numbers: +233208588241 or +233246650501).

Supervisors: Dr. Abdulai Kuyini Mohammed and Prof. Emmanuel Debrah

Instructions: This questionnaire provided to you is designed to collect data for the purposes of academic research as partial requirement for the award of an M. Phil in Political Science. The information you will provide will be treated with the utmost confidentiality and used for the intended purpose only. You are kindly entreated to answer the questions as truthfully as possible. Thank you.

Please provide the information that appropriately reflects your present circumstances. Please Tick (√) at the appropriate response spaces provided or provide your answers by filling in the appropriate spaces provided where you are requested to do so.

Section A – Bio data of the respondents

1. Gender: 1. Male [] 2. Female []
2. Age: 1. 18 – 30 years [] 2. 31 – 45 years [] 3. 46 – 60 years []
4. 60 years and above []
3. Marital status: 1. Single [] 2. Married [] 3. Divorced [] 4. Widowed [] 5. Other []

10. The Assembly has competent and efficient revenue mobilization team.
 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
 5. I don't know []
11. The revenue collection team is conversant with the revenue collection and accounting procedures. 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
 5. I don't know []
12. The revenue mobilization processes in the Kpandai District is very difficult.
 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
 5. I don't know []
13. What strategies do you suggest to be adopted to improve efficient revenue mobilization of the Assembly?

14. How would you assess the performance of the revenue collectors?
 1. High [] 2. Average [] 3. Low [] 4. Very low [] 5. Do not know []
15. The revenue collectors are well motivated to, and they collect the required revenue.
 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
 5. I don't know []
16. The revenue collectors are honest in the course of their work.
 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
 5. I don't know []

SECTION C - THE IMPACT OF THE REVENUE MOBILIZATION ON THE
DISTRICT'S DEVELOPMENT

23. Does the Kpandai District Assembly fund some development projects in the District?

1. Yes [] 2. No [] 3. Do not know []

24. Is the total Internally Generated Revenue of the Assembly sufficient to undertake developmental projects in the district?

1. Yes [] 2. No [] 3. Do not know []

25. Given the establishment grant, District Assemblies Common Fund, District Development Facility and the revenue collected, are you satisfied with the development projects in the district over the years?

1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
5. I don't know []

26. Has the Kpandai District Assembly been able to effectively translate the available resources into development phenomena?

1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
5. I don't know []

27. What are the possible causes of the inability of the district to efficiently effect development with the available resources?

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28. Are the staff both at the central and district levels willing and committed to execute their duties effectively? 1. Yes [] 2. No []

29. What are the reasons for your answer?

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30. What do you consider to be development in the Kpandai district?

1. Road maintenance [] 2. Health facilities [] 3. Educational facilities [] 4. Water resources [] 5. Sanitation improvement [] 6. Electricity accessibility [] 7. Provision of Markets centres [] 8. All the above [] 9. Other []

Specify.....

31. Has Kpandai District developed at the expected pace? 1. Yes [] 2. No []

32. If yes, what do you think are the reasons for this success?

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33. If no, what do you think are the factors working against the development plans?

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34. Which aspects of development are lacking in the district?

- 1. Road rehabilitation [] 2. Health infrastructure [] 3. Educational facilities []
- 4. Water resources [] 5. Sanitation improvement [] 6. Electricity accessibility []
- 7. Provision of Market centres [] 8. All the above [] 9. Other []

Specify.....

35. External sources of funds have a greater impact on development in the Kpandai District Assembly than the IGF.

- 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
- 5. I don't know []

36. Improvement of the overall performance of the revenue mobilization systems will lead to improved and sustained internal revenue mobilization and accelerated development.

- 1. Strongly agree [] 2. Agree [] 3. Disagree [] 4. Strongly disagree []
- 5. I don't know []

Thank you very much for your time and may God bless you.

APPENDIX B

UNIVERSITY OF GHANA, LEGON

Department of Political Science

Topic: An Assessment of the Impact of Revenue Mobilization on the Development of Newly Created Districts in Ghana: The Case of Kpandai District.

INTERVIEW GUIDE FOR THE KPANDAI DISTRICT ASSEMBLY OFFICIALS

(PURPOSELY FOR ACADEMIC WORK)

Research Student: Salisu Fusheini (Phone Numbers: +233208588241 or +233246650501).

Supervisors: Dr. Abdulai Kuyini Mohammed and Prof. Emmanuel Debrah

This interview guide is prepared to solicit views on the impact of revenue mobilization on the development of Kpandai district. The researcher is an M. Phil student of Political Science, University of Ghana. This study is carried out as a partial fulfilment of the requirement for the award of M. Phil Degree, Political Science. I would be very grateful if you could help by volunteering information for this study. This exercise is purely for academic purpose and your responses will be treated with utmost confidentiality and anonymity. Thank you so much for your anticipated cooperation.

- A. What potential sources of revenue do you think are not discovered and utilized by the Kpandai District Assembly?
- B. Whenever the district performs poorly in revenue mobilization, who will you blame and why?
- C. Does the government remit enough funds on time to the Assembly?
- D. Does the Assembly get sufficient donor funding or support?

- E. To what extent does the internally mobilized revenue contribute to the development of the district?
- F. What in your view has the revenue mobilization over the years contributed to the development of the district?
- G. On what does the district expend its external funds and how efficient has that been?
- H. Generally, how will you grade the district's developmental performance and what factors resulted into this output?
- I. Has the district been able to implement most of its development programs?
- J. If yes, what factors facilitated the implementation process?
- K. If no, what challenging factors worked against the effective implementation of the policies?
- L. Could you please outline some challenges that hinder effective revenue mobilization and translation of such revenues into accelerated development in the district?
- M. How could these challenges be addressed?
- N. What recommendations can you make to help in improving the performance of the district in relation with revenue mobilization and the entire development of the district?

Thank you very much for your time and may God bless you.

APPENDIX C

Revenue Mobilization Items

The revenue collectors are well motivated to the required revenue.

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	13	7.6	7.6	7.6
	Agree	21	12.4	12.4	20.0
	Disagree	64	37.6	37.6	57.6
	Strongly disagree	32	18.8	18.8	76.4
	Don't know	40	23.6	23.6	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

The reasons for apportioning blames on the various stakeholders in the district.

Give some reasons for your answer.

Poor attitude to work and inadequate monitoring and supervision

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	141	82.9	82.9	82.9
	No	29	17.1	17.1	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Misallocation of the IGF

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	75	44.1	44.1	44.1
	No	95	55.9	55.9	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Bribery, corruption and self-seeking

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	82	48.2	48.2	48.2
	No	88	51.8	51.8	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Poor revenue generation skills and inadequate revenue data base

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	93	54.7	54.7	54.7
	No	77	45.3	45.3	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

The Assembly Members don't educate their people adequately

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	78	45.9	45.9	45.9
	No	92	54.1	54.1	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Politicization of revenue mobilization

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	42	24.7	24.7	24.7
	No	128	75.3	75.3	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

They don't support revenue collectors adequately

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	136	80	80.0	80
	No	34	20	20.0	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

**They don't insist on proper accountability by
the revenue management body**

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	141	82.9	82.9	82.9
	No	29	17.1	17.1	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Lack of adequate knowledge of revenue collection

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	34	20.0	20.0	20.0
	No	136	80.0	80.0	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Unskilled revenue collectors

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	8.2	8.2	8.2
	No	156	91.8	91.8	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Not committed to their work

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	122	20.0	71.8	71.2
	No	48	28.2	28.2	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Under invoicing / bribery and corruption

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	154	90.6	90.6	90.6
	No	16	9.4	9.4	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

The tax payers are equally blamable on account of:

They evade tax

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	161	94.7	94.7	94.7
	No	9	5.3	5.3	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

They connive with the revenue collectors in bribery and corruption

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	143	84.1	84.1	84.1
	No	27	15.9	15.9	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

They don't insist on their tickets after paying the taxes

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	99	58.2	58.2	58.8
	No	71	41.8	41.8	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

What strategies should be adopted to improve efficient revenue mobilization in the district?

Provision of adequate logistics and means of transport

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	92	54.1	54.1	54.1
	No	78	45.9	45.9	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Improving the efficiency of revenue collectors

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	127	74.7	74.7	74.7
	No	43	25.3	25.3	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Setting achievable targets and ensuring adequate monitoring and supervision

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	98	57.6	57.6	57.6
	No	72	42.4	42.4	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Identifying and utilizing new and effective revenue sources

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	63	37.1	37.1	37.1
	No	107	62.9	62.9	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Public education and ensuring good use of the IGF

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	93	54.7	54.7	54.7
	No	77	45.3	45.3	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

More revenue could be generated if good systems are put in place.

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	112	65.9	65.9	65.9
	Agree	48	28.2	28.2	94.1
	Disagree	2	1.2	1.2	95.3
	Strongly disagree	2	1.2	1.2	96.5
	Do not know	6	3.5	3.5	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

The management body provides the needed logistics to revenue collector for effective revenue mobilization.

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	10	5.9	5.9	5.9
	Agree	37	21.8	21.8	27.6
	Disagree	61	35.9	35.9	63.5
	Strongly disagree	38	22.4	22.4	85.9
	Don't know	24	14.1	14.1	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

The Central Government consistently remits funds to the Kpandai District Assembly

	Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	40	23.5	23.5	24.1
	Agree	52	30.6	30.6	54.7
	Disagree	21	12.4	12.4	67.1
	Strongly disagree	10	5.9	5.9	72.9
	Do not know	46	27.1	27.1	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Suggest the possible causes of the inability of the district to effect development with the available resources.

Mismanagement and misallocation of the Assembly's resources

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	85	50.0	50.0	50.0
	No	85	50.0	50.0	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Improper planning and lack of skilled personnel

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	64	37.6	37.6	37.6
	No	106	62.4	62.4	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Low revenue mobilization and delay in the release of government transfers

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	69	40.6	40.6	40.6
	No	101	59.4	59.4	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Bribery, corruption and self-seeking tendencies

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	86	50.6	50.6	50.6
	No	84	49.4	49.4	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Inadequate monitoring, supervision and management of revenues and resources

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	77	45.3	45.3	45.3
	No	93	54.7	54.7	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Are the staff both at the central and district levels willing and committed to execute their duties effectively?

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	35	20.6	20.6	20.6
	No	135	79.4	79.4	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

What are the reasons for your answer?

Reasons given by those who responded 'Yes':

Good and effective administrative structures

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	11.8	11.8	11.8
	No	150	88.2	88.2	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Commitment of the personnel to their work

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	23	13.5	13.5	13.5
	No	147	86.5	86.5	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Team and hard work by the personnel and stakeholders

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	18	10.6	10.6	10.6
No	152	89.4	89.4	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

Reasons given by those who responded 'No':

Lack of cooperation and team work and general apathy

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	83	48.8	48.8	48.8
No	87	51.2	51.2	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

Poor revenue mobilization system

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	53	31.2	31.2	31.2
No	117	68.8	68.8	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

Insufficient logistics and motivation

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	56	32.9	32.9	32.9
No	114	67.1	67.1	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

Tribalism, favouratism and nepotism

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	30	17.6	17.6	17.6
No	140	82.4	82.4	100.0
Total	170	100.0	100.0	

Source: Fieldwork, 2016

Has the Kpandai District developed at the expected pace?

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	16	9.4	9.4	9.4
	No	154	90.6	90.6	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

If yes, what do you think are the reasons for this success?

Effective collaboration with development partners

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	7.1	7.1	7.1
	No	158	92.9	92.9	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Commitment of the working staff and team work

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	9	5.3	5.3	5.3
	No	161	94.7	94.7	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

There is better access to social amenities

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	8	4.7	4.7	4.7
	No	162	95.3	95.3	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

Prudent utilization of the resources.

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	161	94.7	94.7	94.7
	No	9	5.3	5.3	100.0
	Total	170	100.0	100.0	

Source: Fieldwork, 2016

If no, what do you think are the factors working against the development plan?

Poor infrastructure, especially road network

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	68	40.0	40.0	40.0
	No	102	60.0	60.0	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Poor revenue mobilization system and insufficient funds

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	98	57.6	57.6	57.6
	No	72	42.4	42.4	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Bribery, corruption and self-seeking

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	67	39.4	39.4	39.4
	No	103	60.6	60.6	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Ineffective management

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	92	54.1	54.1	54.1
	No	78	45.9	45.9	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016

Ethnic conflicts, tribalism and nepotism

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	113	66.5	66.5	66.5
	No	57	33.5	33.5	100.0
Total		170	100.0	100.0	

Source: Fieldwork, 2016